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THE JOURNAL OF AND & PUBLIC UTILITY ECONOMICS



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Western Movement of Local Government

A. Bristol Goodman

Regions, Classes and Sections in American History

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THE JOURNAL OF LAND & PUBLIC UTILITY ECONOMICS

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THE JOURNAL OF LAND & PUBLIC UTILITY ECONOMICS

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The Rural-Urban Economy of the Elmira-Corning Region†

By HOWARD E. CONKLIN*

THE development and improvement of the automobile and the extension of all-weather roads in the United States during the past twenty years have brought about important changes both in cities and in the areas surrounding them. An increasing proportion of the people employed in cities have come to live in suburban residential areas in the urban fringe, in residential concentrations farther out, and even in the open country where residences of commuting workers are often intermingled in a dispersed pattern with those of the farming population. Terms such as "urban-decentralization," "suburbanization," "rural-urban

fringe," and "open-country commuting areas" have come into more or less common use. This article, based on a study in the Elmira-Corning Region of south central New York and northern Pennsylvania, will deal principally with an open-country commuting area, although the area will be described as part of an economic unit that also includes suburban commuting areas and the cities of Elmira and Corning, New York.

The commuting area around a modern city usually is composed of two parts: (1) suburban developments in the urban fringe or residential concentrations farther out, and (2) the open-country commuting area. The relative importance of these two components of the commuting area varies from city to city, depending upon the size of the city, the character of the agriculture in the surrounding country, the stability and level of industrial activity within the city, and proximity to adjacent cities. The open-country commuting area is most clearly defined

† This article is based on a study made as a joint undertaking of the Department of Agricultural Economics of the New York State College of Agriculture, Cornell University, and the Division of Commerce of the State of New York, Albany, New York. It was carried on under the direction of Professor F. F. Hill, Cornell University. Others assisting in the study were Dr. Wayne A. Lee, Mr. Riley Kirby, and Mr. Andrew Vanvig.

* Assistant in Land Economics, Cornell University.

around detached industrial cities and is most extensive where the surrounding country offers declining or relatively poor agricultural opportunities. In areas where farming opportunities are limited, the size of the open-country portion of a commuting area fluctuates with changes in industrial activity. It expands to a maximum when activity in the city is at a peak. It declines during periods of relatively low industrial activity.

Census data provide little information by which to characterize or even to judge the extent of the open-country commuting population. Data for the rural population, by the inclusion of all persons in places of less than 2,500 even though incorporated, obscure the distinction between the suburbs and open country. The existence of a flow of population to the suburbs has been demonstrated. Much of this population (after relocation) has been shown to be included in the rural population as defined by the Census.¹

Thus a large but undetermined proportion of the rural labor force, as defined by the Census, is engaged in nonfarm occupations and is composed of suburbanites living in various residential concentrations or in the open country. More detailed studies of individual situations must be relied upon to indicate trends that have taken place in the nonfarm employment of open-country residents.

Much attention has been focussed upon the suburban commuting area in recent years, particularly upon the urban fringe. Dangers inherent in haphazard development within the fringe and need for conscious planning and guidance in this zone of rapid change have been stressed. Less seems to be known about the open-country

commuting zone lying outside the fringe of active urban expansion. This open-country zone may not be easily recognized as bearing any particular relationship to the adjacent city. Its rural appearance and its dispersed and intermingled settlement pattern obscure its characteristics. In reality, the open-country commuting area is an active part of the greater metropolitan unit comprising both open-country and suburban parts of the commuting area, together with the city itself. Economic ties integrate this unit. Rural persons who commute to urban jobs depend upon city employment for much of their income. They may turn to various forms of local employment in periods of adversity but look to the city for full-time jobs. Economic well-being in rural areas moves up and down with industrial activity in the city. Urban industries in turn seek a labor supply in rural areas, especially during periods of great expansion.

The direct rural-urban relationships produce indirect modifications in rural activities. Part-time farming tends to develop and to compete for land with full-time farming. To the extent that farm incomes merely supplement nonagricultural incomes, farming is put on a new basis. Agriculture in this form may be maintained where under other conditions it could not support families at an acceptable level of living as the sole occupation. Settlement may be sustained by nonfarm incomes in areas where agriculture has passed from the picture or has never existed. Off-farm employment may enable continued operation of small farms in good farming areas and may even encourage the breaking up of larger farms into part-time units. In these developments, evidences of urban influence appear in the open-country zone.

¹ Frederick Arpke, "Land-Use Control in the Urban Fringe of Portland, Oregon," *The Journal of Land & Public Utility Economics*, November, 1942, pp. 468-480.

Studies of the urban fringe have followed the city planning type of approach. For the most part, they have been concerned with street layouts, segregation of conflicting uses, provision of public utilities, local government organization, and the like. These problems are less important in the commuting area beyond the urban fringe, especially in strictly rural surroundings where population is less congested and land uses are not so crowded. They are also less important if a regional viewpoint is taken. Where the commuting area is viewed as part of an integrated region, the fundamental problem is one of maintaining full employment and adequate incomes through the vicissitudes of the business cycle. Problems of resource utilization and employment cut across boundaries between industry, trade, and agriculture, and formulate themselves in terms of overall regional resources and a regional population.

Within the open-country commuting area itself, the basic problem is one of maintaining full employment for those who work in the city.

When times are good there is no problem but the commuters often find themselves forced to rely upon resources of rural areas in periods of depression. In addition, problems of adjustment arise in the commuting areas, as in any area of change, more or less irrespective of current prosperity levels. They are results of stresses and strains in community institutions and local government structures produced by introduction of new activities, interests, and points of view, and of the inevitable mistakes made by individuals and groups in attempting to better themselves in new situations.

The Elmira-Corning Region

The Elmira-Corning Region provides

an example of how a section of open country may become an integral part of an industrial metropolitan area. This region has as its binuclear center the two New York State cities of Elmira and Corning. They are separated by a distance of seventeen miles but their commuting areas overlap and together form a distinct unit about thirty miles in radius that extends into the state of Pennsylvania (Figure I). At the time of the investigation that led to delineation of the region in 1942, industrial activity—particularly in Elmira—had been greatly expanded under the stimulus of war contracts, and the commuting area was extended to the practical limit imposed by distance of travel. Competition for labor from government projects to the north and from industries in the city of Ithaca restricted the area in this direction but in other directions expansion of the commuting area was largely unhindered by possibilities of employment in other urban centers. If present methods of transportation and the present distribution of urban employment opportunities continue, the commuting area will contract and expand with changes in industrial activity in the nuclear cities. In periods of contraction, the outer limits of the region as now delineated will represent only the extreme possibilities. Portions that alternately come within or pass out of the commuting area will nevertheless remain a part of the region by virtue of existent potentialities even if they are not always an active part of it.

The Elmira-Corning Region is located in the Appalachian Highlands of south central New York and north central Pennsylvania. Originally a lumbering and agricultural area, it has undergone a gradual change in which industrial activity has become increasingly important. Agricultural opportunities in the region

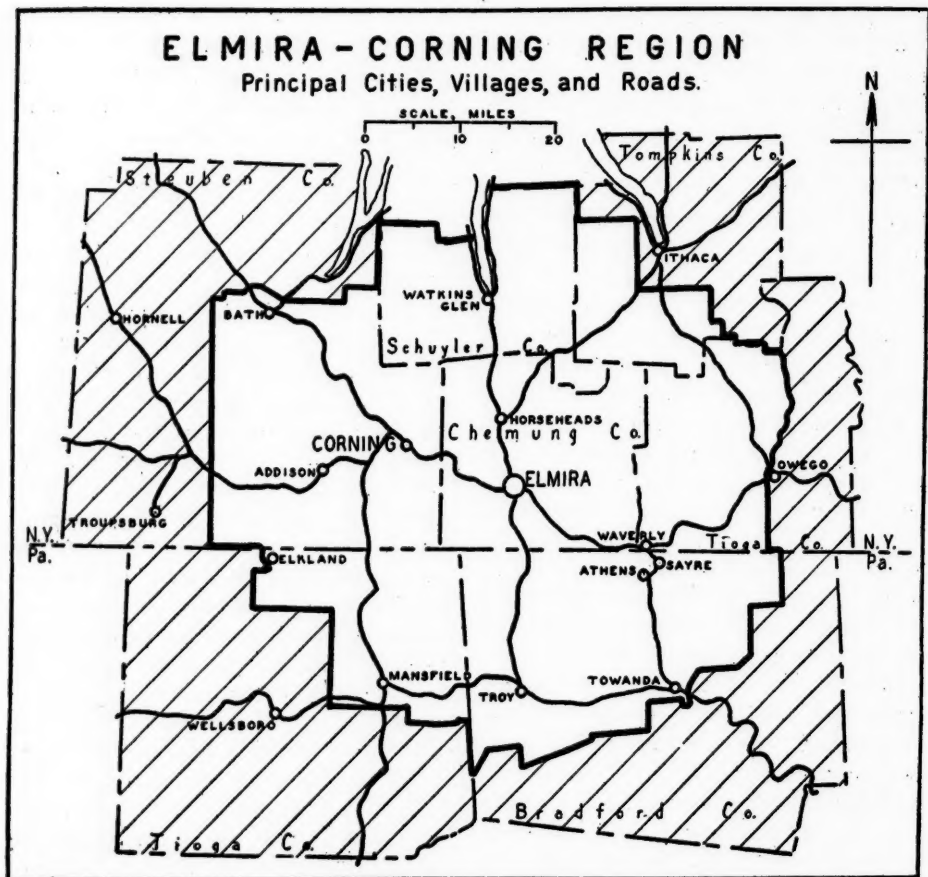


FIGURE I. ELMIRA-CORNING REGION*
Principal Cities, Villages, and Roads.

* *Minor Civil Divisions.* New York State: All of Schuyler County; all of Chemung County; Enfield, Newfield, Danby in Tompkins County; Barton, Candor, Nichols, Spencer, Tioga in Tioga County; Addison, Bath, Bradford, Cameron, Campbell, Caton, Corning, Erwin, Hornby, Lindley, Rathbone, Thurston, Tuscarora, Woodhull in Steuben County. Pennsylvania State: Armenia, Athens, Burlington, Columbia, Granville, Litchfield, North Towanda, Ridgebury, Rome, Sheshequin, Smithfield, South Creek, Springfield, Troy, Ulster, Wells, West Burlington, Windham in Bradford County; Elkland, Farmington, Jackson, Lawrence, Nelson, Richmond, Rutland, Sullivan, Tioga in Tioga County.

Methodology and Extent of Study. All households in the open country in Chemung County were classified as (1) urban-employee, (2) rural-employee, (3) farm, (4) extra-regional employee, or (5) inactive. A random sample, stratified geographically, was drawn from the urban-employee and farm groups for detailed study. Information as to membership of household, extent and type of off-farm employment, extent and character of farming operations, and employment history of urban workers was obtained for sample households. Such data were obtained that it was possible to make comparisons with respect to both farming operations and off-farm employment for the years 1941-42 and 1942-43.

This region was defined as the area from which workers were commuting to the cities of Elmira and Corning during the summer of 1942. The periphery was determined by the farthest distances from which

(Continued on page 7.)

are limited and agricultural activity continues to decline. The peak of agricultural expansion occurred about 1900. In 1940 there were only 60 per cent as many farms and 67 per cent as many acres in crops as in 1900. About a quarter of all farms reported "farm products used by farm household" as the major source of farm income in 1940, reflecting the large amount of part-time and subsistence farming in the region.

Land in the New York portion of the region has been classified by the Department of Agricultural Economics of the New York State College of Agriculture according to its suitability for agricultural use. Of approximately 1,150,000 acres in this portion of the region, over one-half is considered to be submarginal for commercial agriculture. Much of this land is still in farms, according to the Census, but most of it is idle and in the process of abandonment. Many persons have moved from these submarginal lands to new locations and entered nonagricultural occupations. Some have entered other occupations without moving. A few, usually elderly persons continue in agriculture. The practicability of utilizing this land, even for part-time farming as a supplement to nonfarm incomes, is questionable.

About one-third of the New York portion of the region is classified as fair for agriculture; that is, sufficiently productive

to permit farming that would yield only a minimum acceptable level of living for farm families. Less than 10 per cent is classified as better than fair.

This picture of agricultural decline and limited agricultural opportunities is part of the background out of which the Elmira-Corning Region has arisen as an industrial commuting area. Economic forces have been pushing people out of agriculture, and these forces are still in operation. Urban employment offers an attractive alternative to farming poor land. Yet the very presence of poor land, cheap in price and usually equipped with buildings, when coupled with the industrial instability of the region, has tended to keep the population dispersed. Ownership of land is looked on as a guarantee against unemployment, and a home in the country offers immediate prospects of lower living costs.

Trends in population components in the region reflect the changing relative importance of agriculture and industry. The total population has increased slowly from 1890, except for the 10-year period from 1900 to 1910 (Table I and Figure II). The population of Elmira, Corning and adjacent urban areas increased steadily from 1900 to 1930 but decreased slightly during the following decade. The population of incorporated villages and boroughs decreased slightly between 1900

a significant number of workers commuted daily to these industrial centers. During April, 1940, the Elmira Association of Commerce conducted a survey in the major war plants of Elmira. From this study it appeared that the maximum commuting distance was approximately 35 to 40 miles, with the bulk of the workers coming from within a radius of 30 miles of Elmira. During July and August, 1942, the Department of Agricultural Economics of the New York State College of Agriculture and the New York State Division of Commerce, Albany, New York, made a reconnaissance survey to obtain more information on the region. Key people were interviewed in each community in Chemung County, New York, and in outlying communities in Schuyler and Steuben counties to determine the employment status of each household. From the data thus obtained and the results of the earlier survey of the Elmira Association of Commerce, the Elmira-Corning Region, defined as the commuting area about these cities, was found to include approximately the area within a 30-mile radius of Big Flats, a village situated between the cities of Elmira and Corning.

TABLE I. POPULATION DISTRIBUTION IN ELMIRA-CORNING REGION OF SOUTH CENTRAL NEW YORK AND NORTH CENTRAL PENNSYLVANIA, 1900-1940*

CENSUS YEAR	Total Population	Distribution of Population		
		Cities of Elmira, Corning, and Adjacent Villages ^a	Other Incorporated Villages and Boroughs ^b	Population Outside of Cities, Incorporated Villages and Boroughs ^b
1900	176,498	51,172	39,656	85,670
1910	170,984	56,640	38,888	75,456
1920	180,779	69,649	41,823	69,307
1930	188,891	72,993	42,450	73,448
1940	192,485	71,054	43,174	78,257

* Source: U. S. Census.

^a Villages include Elmira Heights, Horseheads and Painted Post. The population of Elmira reached a peak of 47,397 in 1930. The 1940 population was 45,106. Local officials estimate that in 1942 its population reached a new high of around 50,000 under the stimulus of wartime activity.^b The villages of Millport, Odessa, Candor and Nichols in New York and Roseville in Pennsylvania (all of which were incorporated after 1900) are included here rather than in column four since it was impossible to separate the village population from that of the remainder of the township for the earlier years.

and 1910 but increased thereafter. Population outside cities and incorporated villages and boroughs decreased sharply from 1900 to 1920. Since that time it has increased. The area outside cities and other incorporated places consists largely of open country but includes persons liv-

ing in hamlets and other incorporated residential concentrations.

Population changes within the region during the past forty years reflect trends common to a large part of New York State. Increased competition from better agricultural areas (within and outside the state) together with increased opportunities for employment in cities resulted in a farm-to-city movement of population from the poorer agricultural areas between 1900 and 1920. During this period, prior to the widespread use of the automobile and the extension of all-weather roads, it was necessary to live in the city in order to work there. With improved and cheaper means of transportation in the 1920's and 1930's, it became possible for many people to shift from farming to urban occupations without changing residence. Others have moved from cities to rural areas. The result has been a slowing down of the relative growth of cities in recent years and an increase in the number and proportion of the population living in unincorporated places and in the open country.

However, the rural population of the

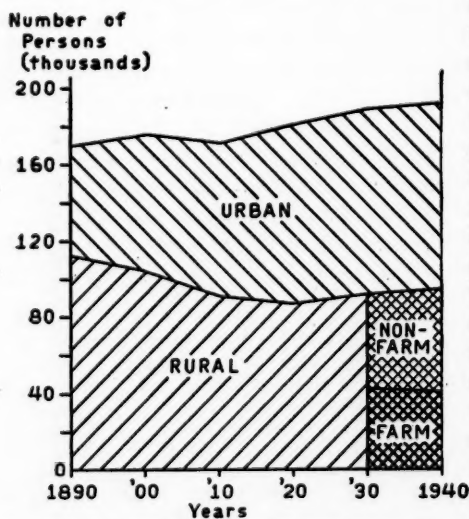


FIGURE II. TRENDS IN THE COMPONENTS OF THE POPULATION OF THE ELMIRA-CORNING REGION, 1890 TO 1940, UNITED STATES CENSUS OF POPULATION

Elmira-Corning Region as reported by the Census is still a smaller proportion of the total population of the region than it was fifty years ago (Figure II). The decrease since 1890 in the number of persons engaged in full-time farming has undoubtedly been much greater than the decrease in the rural population as a whole.²

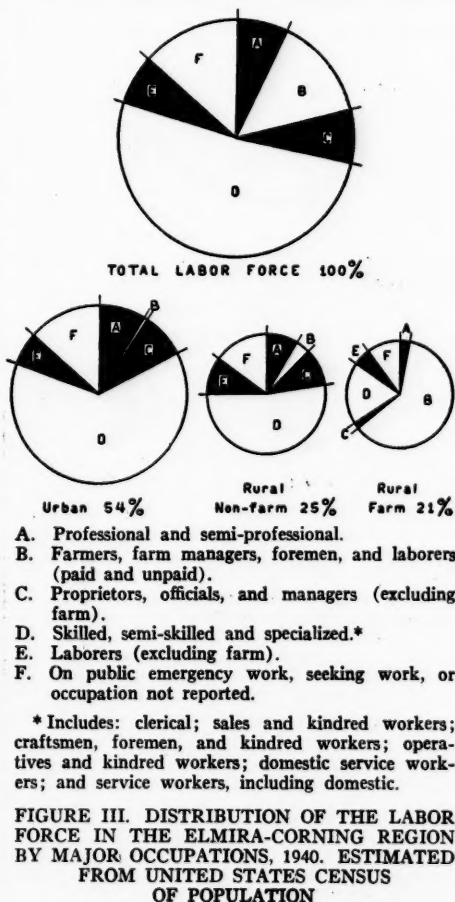
Farming as an occupation is somewhat less important in the Elmira-Corning Region than in the United States generally. Fourteen per cent of the total labor force in the region was recorded by the Census as engaged in occupations directly related to farming in 1940, compared with an average for the United States of 15.6 per cent. Dependence upon farming as a source of livelihood was greater, however, than in upstate New York as a whole.

The group of occupations termed "skilled, semi-skilled, and specialized workers" in Figure III (Group D) predominate in the total labor force of the region. Within this group, industrial occupations are most important.

Nearly one-half of the labor force of the region is rural and the rural portion is divided about equally between farm and nonfarm categories (Census). About 50 per cent of the rural nonfarm labor force is in skilled, semi-skilled, and specialized occupations related to trade and industry.

Fluctuations in business activity in Elmira are characteristically marked. The

index of bank debits in the city rose from 89 in 1922 (1920-24 = 100) to a peak of 142 in 1929, fell to 69 in 1934, reached 153 in December of 1941, and was still rising rapidly in 1943. These fluctuations in activity have their origin in the nature of industries that predominate in Elmira. In December of 1941 the Division of Placement and Unemployment Insurance in the New York State Department of Labor reported about three-fourths of all "covered" employees in Chemung County to be in manufacturing industries. Within manufacturing industries, about one-



² Rural population, as defined by the Census, includes all persons living outside incorporated places of 2,500 or more inhabitants. The rural population as thus defined is by no means identical with the farm population, since it includes persons living in hamlets and other unincorporated centers as well as nonfarm families living in the open country. In 1940 the total rural population of the region was 94,771. Of this number, 41,326 (or 44 per cent) were classified as rural-farm population and the remaining 53,445 (or 56 per cent) as rural nonfarm population. Data as to rural and rural nonfarm population are not available prior to 1920.

half the employees were reported to be working in plants classified as producers of iron and steel, iron and steel products, or manufacturers of machinery. The industries in Elmira are normally manufacturers of producers' capital goods and in this position are on the whip end of variations in general business activity. They convert quickly to production of war materials and consequently responded rapidly to wartime stimuli.

Since the beginning of the defense program in 1940, employment in Elmira has risen rapidly. Factory employment increased from an average index of 100 in the years 1935 to 1939 to an index of over 330 in April, 1942, and since has remained above 310, as shown in Figure IV. Payrolls in the city are about five times their prewar level.³ The relative ex-

pansion in Elmira has exceeded that of any other major industrial area in the state, and has greatly exceeded expansion in the state as a whole. Because much new employment is due directly to the war effort, extensive readjustments appear inevitable in the postwar period. Unusual effort and foresight will be necessary to prevent a serious collapse when the war stimulus is removed.

The extent to which the economic life of rural areas in the Elmira-Corning Region is now focused on its urban centers is evident in Table II. All households in the open-country sections of four areas (three within and one just outside the region) were classified by field reconnaissance in terms of *location* of employment of household members on July 1, 1942.⁴

³ The above data and those used in Figure IV are adapted from material published by the Division of Placement and Unemployment Insurance, New York State Department of Labor, *The Employment Review*, vols. 3 to 5, 1941 to 1943.

⁴ The general location of the four areas may be determined by reference to Figure I. The Chemung Area includes all of Chemung County. Central Schuyler County includes an area extending both east and west of Watkins Glen and from the southern to the northern boundary of the county. The Addison Area is in the vicinity of the village of

TABLE II. OPEN-COUNTRY HOUSEHOLDS CLASSIFIED BY TYPE OF EMPLOYMENT, FOUR AREAS IN OR NEAR THE ELMIRA-CORNING REGION, NEW YORK, 1942

CLASS	Chemung County		Central Schuyler County		Addison Area, Steuben County		Troupsburg Area, Steuben County	
	Number	Per Cent	Number	Per Cent	Number	Per Cent	Number	Per Cent
<i>Urban-Employee</i>								
(a) With employment in Elmira, Corning, or adjacent suburbs	1043	45	129	13	97	14	22	7
(b) With employment in other important villages	93	4	241	25	68	10	4	1
<i>Rural-Employee</i>	294	13	185	19	93	13	41	12
<i>Farm</i>	627	27	278	28	367	53	237	72
<i>Extra-Regional</i>	18	1	31	3	3	^a	1	^a
<i>Inactive</i>	231	10	116	12	65	10	27	8
All Households	2306	100	980	100	693	100	332	100

^a Less than one per cent.

Open country, for purposes of the survey, comprised all areas outside cities, villages, and a few unincorporated residential concentrations. Where one or more members of a family were working in Elmira, Corning, or in one of the larger villages in the region they were considered to be

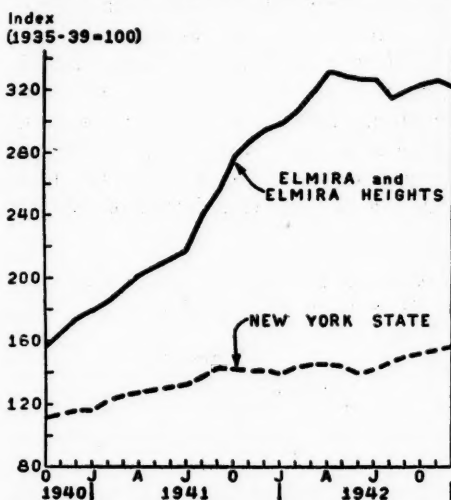


FIGURE IV. TRENDS IN FACTORY EMPLOYMENT, CITY OF ELMIRA AND VILLAGE OF ELMIRA HEIGHTS COMPARED TO NEW YORK STATE: OCTOBER, 1940, TO DECEMBER, 1942*

urban-employee households regardless of the amount of farming done. Those with one or more members working *within* the region and off the home farm but with no member working in one of the urban centers were classified as rural-employee households. Households having no member in off-farm employment and actively engaged in farming were classed as farm households. Households with one or more members in any type of off-farm work outside the region and none in off-farm work in the region were tabulated sep-

Aradison, just west of Corning. The Troupsburg Area, in which the village of Troupsburg is located, lies in southwestern Steuben County, just outside the Elmira-Corning Region.

arately as extra-regional-employee households.⁵ The group of households remaining outside the above categories consisted of those with no member in any active employment, and were listed on Table II as "inactive."

Nearly half the open-country households in Chemung County had one or more members in urban employment July 1, 1942. All but a few of these had one or more members working in Elmira, Corning, or adjacent suburbs. Chemung County is located at the center of the region and surrounds Elmira. The effect of competitive attraction offered by government projects north of the region is evidenced in the number of extra-regional employee households in central Schuyler County. The regional boundary follows the northern edge of this county. The proportion of households with members holding urban employment within the region but outside of Elmira and Corning is also higher in Schuyler County, reflecting employment opportunities in the villages of Watkins Glen and nearby Montour Falls. The Addison area lies just inside the western boundary of the region and approaches the maximum distance over which commuting to Corning is feasible. The Troupsburg area is west of the Addison area and just outside the regional boundary.

Variations in nearness to off-farm employment opportunities appear to account for most of the differences in extent of off-farm work observed among these four areas. Farming opportunities are quite similar in all areas. Information obtained from these areas indicates that the commuting population of the Elmira-Corning Region is distributed in a roughly circular

* Except in the Troupsburg area, itself outside the region, where only employment outside the area as well as outside the region was considered extra-regional.

pattern with significant but constantly decreasing numbers out to a distance of about 30 miles from these cities.⁶

Urban-Employee Group

The high degree to which a large group of rural residents in the Elmira-Corning Region have been integrated into the industrial employment structure of the region is evident in data obtained in 1942 from a sample of 265 urban-employee households in the open country of Chemung County. Male and female able-bodied members, 14 years and over, in

farm work. Able-bodied male members, 18 to 59 years old, spent 85 per cent of their available time in off-farm work.

If amount of work accomplished on the home farm is measured in terms of productive man-work units, it can be combined with a corresponding figure representing the number of ten-hour units of time spent in off-farm work.⁷ When this combination is made for households in the urban-employee sample, a measure of the total productive work by members of these households is obtained. Urban-employee households depend heavily upon off-farm employment. A total of 428 pro-

TABLE III. CLASSIFICATION OF URBAN-EMPLOYEE HOUSEHOLDS BY EXTENT OF FARMING, CHEMUNG COUNTY, NEW YORK, JULY 1, 1942

EXTENT OF FARMING	Average Work Units on Farm	Households	
		Number	Per Cent
<i>Group A</i> Rural residents ^a	7	147	55
<i>Group B</i> Less than one-man farm ^b	109	103	39
<i>Group C</i> One-man farm or larger ^c	411	15	6
All Households	70	265	100

^a Includes households with one or more members engaged in urban employment but still operating a farm business of less than 40 productive man-work units. In general, the rural residents had no farm products to sell but produced some for their own use.

^b Includes households with one or more members engaged in urban employment and with from 40 to 249 productive man-work units on farm enterprises.

^c Includes households with one or more members engaged in urban employment and with 250 or more productive man-work units on farm enterprises. Such a farm business requires approximately the full-time of one man.

these households had a total of about 8,000 months available for work, aside from time spent in school or away from home, July 1, 1941 to July 1, 1942. Half this time was spent in off-farm work, most of it in urban employment. The remaining time was available for house and

ductive man-work units was divided as follows; 360 units, or 84%, were spent in off-farm employment and only 68 units, or 16%, on the farms.

⁶ Information from a survey of commuting workers made by the Elmira Association of Commerce was used in delineating the regional boundary in areas not covered by the reconnaissance survey.

⁷ Productive man-work units were devised as a measure of farm business size and represent 10-hour units of farm work. The size of a farm business measured in productive man-work units represents the number of 10-hour days of labor that would be required by the average farmer to operate that farm business under normal conditions.

TABLE IV. CHANGES IN WORK PERFORMED BY MEMBERS OF URBAN-EMPLOYEE HOUSEHOLDS, 1941-1942 TO 1942-43,* CHEMUNG COUNTY, NEW YORK

Extent of Farming July 1, 1942	Number Households	1941-42			1942-43		
		Work Units per Household			Work Units per Household		
		Farm	Off-farm	Total	Farm	Off-farm	Total
Group A	143	8	369	377	7	395	402
Group B	102	104	361	465	109	411	520
Group C	15	398	357	655	411	350	761
All Households	260	68	359	427	70	399	469

* Figures for 1942-43 represent a projection of the farm business operated and extent of off-farm work being done in July, 1942.

The urban-employee households can be divided into three groups on the basis of the size of farm business operated on July 1, 1942. Such a division is shown in Table III. Group A comprises the rural residents in the sample; that is, households that were carrying on no farming beyond keeping a cow and a few chickens. Group B comprises households that were doing some farming but were operating a farm business normally too small to occupy the full time of an able-bodied man. Households in this group were essentially part-time farmers. Group C comprises households that were operating a farm business at least large enough to occupy the full time of one man or his equivalent.

The small size of farm business operated by a majority of urban-employee households emphasizes the differences that distinguish this group from the farm households one traditionally expects to find dominant in an area distinctly rural in appearance. Few of these farm businesses as they were operated in 1941-42 could support a family without outside income. Evidence accumulated during the study indicates that these households had not made marked changes in the amount

of farming done since the beginning of the present industrial expansion, nor had the size of the farm business changed much from 1941 to 1942 (Table IV). Answers to questions regarding changes in farm business in 1939 and 1940 indicated that few substantial changes had been made even in those years. Increases made by some have largely counterbalanced reductions made by others since the outbreak of World War II. The principal adjustment made has been in the direction of increased off-farm employment.

An analysis of the land resources of the group indicates that few urban-employee households had land of the extent and quality necessary to permit a material increase in size of farming operations. About one-third of all households in the sample group had five acres or less of land in 1942 (Table V). Nearly another third were located in land classes I and II in which most of the land is of such low productivity that few families can support themselves from farming regardless of the size of the farm business. Sixty-four households in land class III and 12 households in land classes IV, V and VI had farm units too small normally to provide opportunity for the full-time employment

of these families on the farm. The 14 households in land class III with 150 acres or more and the two households in land classes IV, V and VI with 100 acres or more probably could support themselves alone from dairy farming, the dominant farming type in the region. No household in a residential area (land classes R and IR) operated enough land to support itself from farming. Thus only about 6 per cent of the urban-employee households had at their command in 1942 land of the quality and extent normally required to provide full-time employment for a typical farm family, assuming they follow the type of farming most common in the area.

While wartime changes in the region had not greatly influenced the amount of

farming of urban-employee households, they had resulted in an increase in the amount of off-farm work by members of these households. The increase in off-farm work, without a corresponding reduction in farm work, was possible because most urban-employee households conduct a farm business merely as a supplement to off-farm work. Their limited farm resources prevent material expansions of farming operations during periods when off-farm work is scarce or not available. On the other hand, such businesses can be operated by family members at home, or in spare time by those who work at nonfarm labor when off-farm work is available. Thus, the extent to which members of urban-employee households are fully employed tends to fluctu-

TABLE V. LAND RESOURCES HELD BY URBAN-EMPLOYEE HOUSEHOLDS, CHEMUNG COUNTY, NEW YORK, 1942

LAND CLASS ^a	Acreage	Average Acreage	HOUSEHOLDS	
			Number	Per Cent
Farms of 5 acres or less,				
all land classes	—	b	91	34
Farms of more than 5 acres	—	—	—	—
I and II	All acreages	94	75	28
III	Under 150 acres	66	64	24
	150 acres and over	180	14	5
IV, V, VI	Under 100 acres	37	12	5
	100 acres and over	105	2	1
R and IR	All acreages	61	7	3
All Households		20	265	100

^a Definition of New York land classes: *Class I.* Includes areas in which practically all farming has been discontinued. Some of it may never have been cleared and some areas had been farmed at one time but have been in process of abandonment for many years. It is now mostly idle or brush. Soils which are poorly drained and acid in reaction predominate. In addition, many areas are shallow, steep and stony.

Class II. Land used for farming to a greater extent than Class I. Productivity is generally below the minimum necessary to provide a farm family with sufficient income to pay operating expenses including taxes and to maintain the farm capital. Much of the land in this class has been abandoned for farming or is operated on a part-time basis.

Classes III, IV and V. Land areas adapted to commercial agriculture under present techniques and economic conditions. The higher the land-class number the more intensively the land is used.

Class R. Areas primarily residential or commercial in their use.

Class I-R. Same agriculturally as Class I but because of its location it is being used for residential or private recreational purposes.

^b Less than five acres.

TABLE VI. SIZE OF FARM BUSINESS BY LAND CLASS, 98 FULL-TIME FARM HOUSEHOLDS, CHEMUNG COUNTY, NEW YORK, 1941-42

LAND CLASS	Size of Business	Average Size in Work Units	Households	
			Number	Per Cent
I and II	Less than one man*	106	12	12
	One man or more†	341	12	12
III	Less than one man*	112	18	18
	One man or more†	477	23	29
IV, V, VI	Less than one man*	100	5	5
	One man or more†	587	23	24
All Land Classes	Less than one man*	108	35	36
	One man or more†	491	63	64
All households		354	98	100

* Under 250 productive man-work units.

† 250 productive man work-units or over.

ate with variations in the availability of off-farm employment. They are often fully employed only when off-farm employment opportunities are plentiful, as at present. In this respect, their response

to changes in nonfarm employment opportunities has much in common with the employment response of city residents.

Employment Histories in Urban-Employee Group. Employment histories obtained for urban-employee household members engaged in off-farm work, July 1, 1942 throw further light on the characteristics of the commuting population in the Elmira-Corning Region. These histories cover the period from 1929 to the present and portray the background of persons who are today off-farm workers in the urban-employee households in rural areas. They do not reflect changes that have occurred in the employment picture of rural areas in the region.

A majority of current off-farm workers have not farmed since 1929, nor were they part of households in which any member was farming (Figure V). Small-scale farming, however, has increased in importance in households of current off-farm workers over the past 13 years. No precise definitions can be attached to the extent of farming categories shown in Figure V but the titles are descriptive of

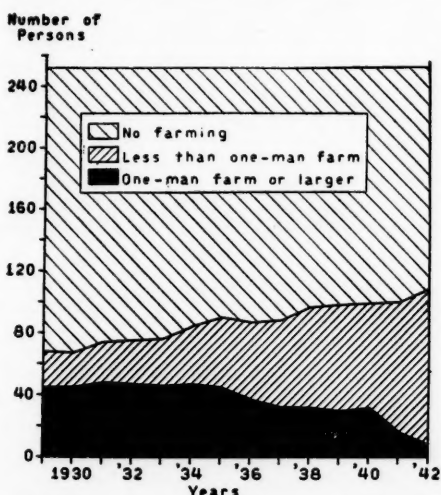


FIGURE V. TRENDS IN THE EXTENT OF FARMING BY MEMBERS OF HOUSEHOLDS IN THE URBAN-EMPLOYEE SAMPLE: 252 PERSONS ENGAGED IN OFF-FARM EMPLOYMENT JULY 1, 1942, AND IN THE LABOR FORCE ALL YEARS FROM 1929 TO 1942

the guides used in classifying the workers in successive years. The portion of the off-farm working group associated with small-scale farming recruited its membership partly from those not farming previously and partly from those who had been farming on a larger scale.

The decrease between 1929 and 1940 in the proportion of persons who were members of households operating a one-man farm business, or even larger, is due in part to the increasing age of the group. If the head of a household works off the farm the amount of farming done is likely to be determined in part by his age and by the number and ages of other persons in the family. If he is middle-aged, in good health, and has one or more children at home from 14 to 18 years of age, more farming is likely to be done than if the children have left home and the operator has reached a more advanced age. In interpreting Figure V, it should be kept in mind that the data relate to persons who were in the labor force all years from 1929 to 1942. In other words, they were 13 years older at the end of the period than at the beginning.

Employment of current off-farm workers in the urban-employee group has been predominantly in the "construction, manufacturing, and public utility" fields since 1934, as shown in Figure VI. The proportion of the off-farm workers employed in these fields increased from the low point of the depression up to 1936, then leveled off until the beginning of the defense program in 1940. Expansion of employment in these fields has been accompanied by a contraction in all other fields. Contraction has been greatest in home-farm employment, and marked also in the "highway and miscellaneous short jobs" category. These types of employment frequently offer only part-time work and

relatively low pay. They, therefore, are resorted to only when jobs are not available elsewhere.

Farm Group

An examination of data obtained from a sample of 98 farm households in Chemung County reveals that only a portion

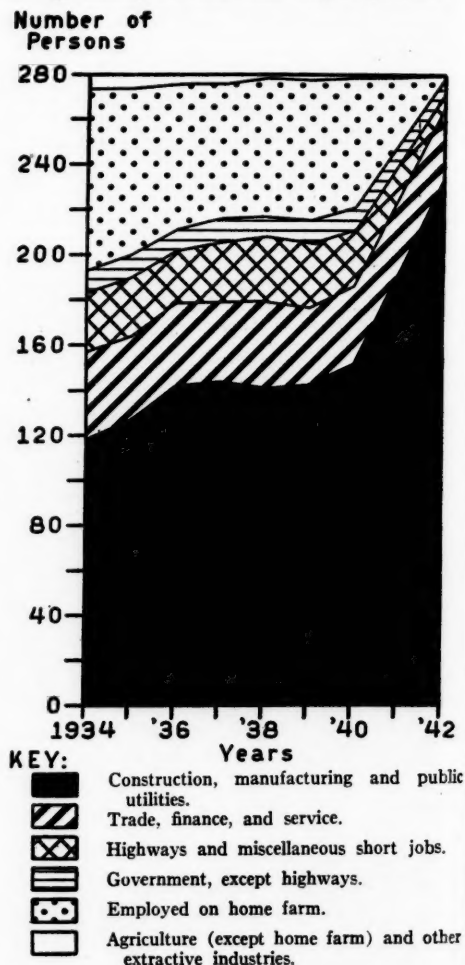


FIGURE VI. CHANGES IN EMPLOYMENT OF MEMBERS OF HOUSEHOLDS IN THE URBAN-EMPLOYEE SAMPLE: 279 PERSONS ENGAGED IN OFF-FARM EMPLOYMENT JULY 1, 1942 AND IN THE LABOR FORCE ALL YEARS FROM 1934 TO 1942

of this group is likely to continue in farming on a self-sustaining basis. The "farm" classification made in the reconnaissance survey was limited as much as possible to households that were actively farming with no off-farm work. Nevertheless, Table VI shows that over one-third of the farm households operated farm businesses that could have been conducted, under normal conditions, by less than the full time of one able-bodied man. Many of these smaller farms were located on poor land and it is almost certain that few of the farms in land classes I and II, irrespective of their size, will continue to be operated without off-farm employment. Most of the farms still operated in these land classes are run by elderly persons who started farming at a time when economic conditions placed fewer handicaps on operating unproductive land. When these persons die, some of their farms will be abandoned while others will come into hands of part-time farmers or rural residents.

The group of farms located on land class III will remain independent of off-farm employment in varying degrees. About 40 per cent of these farm businesses are too small to provide an adequate family living without outside income. Some of these small farms will become part-time farms while others may be enlarged or become a part of other units. It is very probable that plentiful and continuous urban employment will attract large numbers of persons from full-time farming throughout land class III, in which case many farms now operated on a full-time basis would shift to part-time operations. To effect a wide-spread change of this kind, employment opportunities must offer promise of stability; otherwise, farmers are reluctant to relinquish their agricultural livelihood.

Coming now to the best land classes, it is quite clear that a great majority of farms in land classes IV, V and VI will remain independent of off-farm employment. Many of these farms are large and few fall below the requirements necessary for producing an adequate family income. The opportunities they offer to the operator can compete in normal times with urban employment.

It seems probable that, if industrial employment continues to offer opportunities in the region, as many as 40 to 50 per cent of the farms now operated by farm households with no off-farm work may pass out of the full-time farming class. The remaining 50 to 60 per cent of these farms (the larger ones in land classes III, IV, V, and VI) are likely to continue as full-time farms. The actual changes that take place will be governed largely by the level of industrial activity that is maintained in the region.

Few changes were made (from July, 1941 to July, 1942) in the amount of farming done by the full-time farm group in spite of the increasing scarcity of labor in the area. This held true for house-

TABLE VII. CHANGE IN SIZE OF FARM BUSINESS BY LAND CLASSES FROM JULY 1, 1941 TO JULY 1, 1942, 98 FULL-TIME FARM HOUSEHOLDS, CHEMUNG COUNTY, NEW YORK

LAND CLASS	Change in Productive Man-work Units per Household July 1, 1941 to July 1, 1942	
	Number of Work Units	Per Cent
I and II	+ 8	+ 3.6
III	+ 21	+ 6.4
IV, V, VI	+ 5	+ 0.9
All land classes	+ 13	+ 3.5

holds in all land classes (Table VII). Not only were changes in the average size of business small but statistical analysis indicates that no large counterbalancing changes occurred on the farms in the sample. The increase in productive man-work units per farm is evidence that no material decrease in physical volume of production was made, but this cannot be taken to measure the change exactly because effects of possible changes in the intensity with which farm enterprises were cared for is not reflected in these figures.

Summary

Four points summarize the major findings of the Elmira-Corning study: (1) A large proportion of the open-country population within an area 30 miles in radius surrounding the cities of Elmira and Corning are dependent for all or a substantial part of their incomes upon urban employment. (2) A large proportion of the rural population within this region will continue to seek urban work because its farm and rural-employment opportunities are limited. (3) A small part of the rural population is on farms of a size and quality that will provide a satisfactory living without the necessity of off-farm work. (4) The economic well-being of a large part of the rural population of the Elmira-Corning Region is more closely related to the level of industrial activity than to the general level of agricultural prosperity.

Implications

If developments in the Elmira-Corning Region are typical of developments taking place around a large number of cities in the country today, it is evident that a new

segment has developed within the rural population and that it promises to be permanent. This segment is an open-country population, intermingled with the farming population but urban in its mode of obtaining a major part of its income. Wartime industrial activity has given tremendous impetus to the growth of this segment.

Wherever the new population segment has come into being, the open country and the city have become increasingly dependent on each other. Because a significant number of rural people look to urban jobs for income, the open-country commuting area becomes part of a regional unit focused on the central city. Fluctuations in the region's industrial and commercial activities have more than the usual effect on the economic well-being of residents in the surrounding open country.

Region-wide problems will be greatly intensified in the post-war transition period in areas where wartime activity has been great. These areas frequently will be left with a group of heterogeneous resources and equipment and a population that has been expanded by wartime jobs. The basic problem will be one of redistributing manpower and resources among industry, trade and agriculture in such a way as to fit into the postwar economic pattern. This may involve emigration of a part of the labor force employed in the region during the war. Intelligent handling of a region's postwar problems will require a comprehensive knowledge of all regional resources. Research is needed that is broad enough in scope to recognize rural-urban interdependencies and to bring together in a unified pattern all available information on both agricultural and industrial opportunities. Any efforts to rationalize postwar adjustments will require the cooperation of all individuals,

groups and agencies in any way concerned with a region's lines of activity.

Aside from its regional implications, the development of a commuting population creates new conditions and problems within rural areas themselves. With land being farmed to supplement off-farm incomes, land use and farm management recommendations made in terms of full-time farming are inadequate. A number of questions present themselves. Are agricultural margins under full-time and part-time farming coincident? How should feasibility of continued settlement be determined where land no longer provides the major source of income? What bearing do fluctuations in urban employment have upon settlement and land use? How can conflicts that tend to arise through the medium of land values, between semi-urban developments and full-time farming, be resolved to insure full agricultural resource utilization? Local government officials must decide whether uniform assessment of land in terms of its agricultural value alone provides a fair alloca-

tion of local road, school, and relief costs between those who own land primarily as a residence and those who own it as a source of monetary income. Local governments also are likely to be faced with requests for new and increased services. The introduction of new interests and points of view into the rural picture will place new demands upon educational and extension programs. Vocational courses teaching industrial and business skills will need to parallel courses in agriculture. Agricultural extension programs will need to be directed toward part-time, as well as full-time, farm families.

The traditional relationships between rural and urban areas are being modified in many ways under the influence of improved transportation. No longer can a sharp line be drawn between the country and the city and the problems of each be considered separately. New relationships are creating new problems. The postwar period will see these problems multiplied and intensified.

Westward Movement of Local Government

By A. BRISTOL GOODMAN*

IN the "good old days" before land problems plagued us, local government was concerned primarily with legal, political and financial aspects of the body politic. Land programs consisted primarily of the disposing of public domain by the federal government and the sale by the states of the lands donated to them. In that era counties and towns (or townships) were not administering land programs. As a matter of fact, influential speculators, lumber barons and the land-grant railways manipulated local governments to suit themselves. They created new counties and towns, or opposed their creation, and dominated local politics whenever their economic interests demanded it. Local units of government did not escape the consequences of the land policies of powerful speculators. For instance, in 1873 Marathon County, Wisconsin offered to a railroad two hundred thousand acres of land which lumber interests had "dropped for taxes."¹

In more recent years the relationship between local government and land utilization has become so intimate that it is necessary merely to recall a few examples to emphasize the point. Tax delinquency and acute land use adjustment problems have forced counties into zoning, planning, county forestry, leasing of tax reverted land, and public land management. Soil conservation is handled through either *ad hoc* districts or the counties. Towns

in suburban areas have taken on the functions of villages and cities so that they can provide urban facilities and employ land use controls and regulations. New functions, duties and responsibilities demand new forms and new machinery, and create new state-local relationships. In fact, in some cases new local-state-federal relationships have grown out of the solving of land problems. Here is "new wine" but the bottles are old, antiques inherited from colonial America and transferred to new areas by the process of copying the constitutions, laws and institutions of the states from which the pioneers came. As one member of the North Dakota Constitutional Convention of 1889 stated, "It seems to me that we should follow the precedents of the people who live in the same parallels of latitude with us and the states from which our people have come."²

Local government is one phase of the hydra-headed subject of land problems with which the land economist must deal. He cannot avoid considering the institutions which influence or determine the best use of resources, the adjustment of land uses, and the tenure of land. Although the best system of local government cannot guarantee efficient land utilization, a poor system can effectively block the best efforts of reform. Sometimes these institutions may even be the cause of land problems (or contribute thereto) or may present barriers to a planned program. Land problems have created new functions which have recently been thrust

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¹ Paul W. Gates, *The Wisconsin Pine Lands of Cornell University* (Ithaca, New York: Cornell University Press, 1943), p. 188.

² *Minutes of the North Dakota Constitutional Convention*, 1889, p. 218.

upon counties and townships. Old forms of local government have proved inadequate to perform these functions. In many cases counties do not have the powers, the machinery, nor an adequate tax base with which to plan, administer or control the use of private land or to manage the publicly-owned land under their jurisdictions.

In this article an attempt is made to trace the movement of county and township governments from their eastern birthplace to the Middle West and finally to the sparsely-settled state of North Dakota.³ That the settler should have copied the government of his former community is not surprising. It must be remembered that settlement was always ahead of state, and usually ahead of territorial government. Local government had to furnish all the services the settler needed. The maintenance of law and order, schools, roads, and the recording of land titles were accomplished through local self-government, formal and informal. The settler, busy with clearing his land, raising a family and fighting Indians, had neither time nor inclination to be philosophical about government.⁴

The migration of forms of government was not without modification en route. Although the township was introduced into Iowa from Michigan and Wisconsin, as will be discussed later, other legal theories got the upper hand. It is also suggested that "the mere fact of abundant

room and a disposition to spread out and occupy as much land as possible" did something to make the "representative" county "cheaper and more natural" than the town which depends on the town meeting for its legislative powers.⁵ Modification in the form of government to adjust the county to its new environment did not go far enough; nor have enough changes been made to reconcile local government to the modern complex agricultural-industrial economy of today. Perhaps the greatest weakness in local government is the fact that it is not adequate to deal with the new conditions on the farm-forest, the farm-grazing, and the rural-urban fringes.

Major Forms of Local Government in the United States

The twentieth-century county and township reflect the close use of colonial models which in turn were stamped with the imprint of English institutions. Four major systems of rural government have evolved in America: (1) the New England town which, with only minor exceptions, never left its birthplace; (2) the New York county-town-supervisor model which eventually spread widely; (3) the county-commissioner type as developed in Pennsylvania and which gave to the township a subdued role in county government; and (4) lastly, the southern-county type, mothered by Virginia and now characteristic of many southern and western states. Only in rare cases was the southern county heckled by the presence of civil townships. Like the nations of Europe, these alternative forms of rural local government were involved in many bitterly-fought battles as they sought to extend their domains into the expanding West.

³ Later articles in this series will deal with the existing organization, functions, operations and maladjustments of these transplanted governments in southwestern North Dakota as revealed by intensive field studies of the U. S. Department of Agriculture and the North Dakota Agricultural Experiment Station.

⁴ Jesse Macy, "Institutional Beginnings in a Western State," *Johns Hopkins University Studies in Historical and Political Science, Second Series* (1884), pp. 346-380.

⁵ *Ibid.*, p. 372.

After the English gained control of New York in 1664, town government was established, based—with variations—upon the New England model. In 1683 the first representative assembly divided the Colony of New York into counties. Although county functions at first proceeded according to the Virginia system, this did not long continue. "A few years afterward, county government was democratized. Each town was authorized to elect a supervisor, and these local representatives were empowered to assist the justices who had previously been all-sufficient. Gradual aggrandizement of power on the part of the supervisors ensued, with corresponding diminution of fiscal and administrative duties of the justices. The supervisors collectively constituted a county board; individually they served as the chief administrative officers of their respective towns."⁶ Other town officials chosen at the annual town meeting were constables, collectors, assessors, clerks, highway commissioners, and overseers of the poor. As Bromage says, these institutional changes in New York were momentous because they were later widely copied in the Middle West.

Because in Pennsylvania the New England influence was not dominant, the town or township (as it is known in Pennsylvania and many other states to the west) did not achieve the importance that it did in New York. Although towns existed, they were not as active as those of New England and New York. Their officials never composed the county board. Beginning in 1724 Pennsylvania counties were governed by three elective commissioners. The resulting county board was very different from either the Virginia

county court of justices or the New York county board of town supervisors. The Pennsylvania system became known as the *commissioner* type and, like the New York pattern, was destined to have influential patrons among those who were instrumental in determining the structure of rural government in the Middle West.

Town government of the New England design had little direct influence on the organization of local governments in the states carved out of the old Northwest Territory:

"Although there are some evidences of a town meeting, similar to the New England type, having been held among the first settlers upon the Ohio River, the predominating political influences in that region were such that in the earlier legislation the lesser influences of the New England settlements were overpowered, and the first statutes of the Territory were derived largely from Pennsylvania and Virginia, instead of from New England. Moreover, the Pennsylvania plan of county-township government appears to have prevailed throughout the early period until the Territory was subdivided—and indeed thereafter until Michigan became an independent Territory."⁷

One important factor accounting for the very considerable influence of early Pennsylvania law on the first laws of the Northwest Territory was that Governor St. Clair, first governor of the Northwest Territory, was from Pennsylvania.

The Congressional Township and Local Government

In the eastern states where the rectangular system of surveying was not used, towns and counties are generally irregular in shape and tend to conform to natural contours with rivers, mountain ranges,

⁶ Arthur W. Bromage, *American County Government* (New York: Sears Publishing Company, 1933), p. 23.

⁷ Clarence Ray Aurner, *History of Township Government in Iowa* (Iowa City: Historical Society of Iowa, 1914), p. 166.

and other geographic features as boundary lines. However, in most of the public land states the rectangular system of surveying influenced—in fact determined—not only the shape and size of farms but also the shape and size of towns (or townships) and counties. This influence is most pronounced on the level prairies but is unmistakable in all the states in which the land has been subject to the rectangular survey.⁸ However, the survey did more than influence mere physical size and shape; it had a definite influence on the spread and development of the township and the county as forms of local government.

The long train of subsequent developments probably began with the ordinance of 1785 which as finally enacted by Congress provided for the subdivision of the western lands into areas six miles square. George E. Howard, an authority on local constitutional history, has well expressed the great influence of this ordinance on the institutional structures of local government in the Middle West:

"Everywhere in the Northwest Territory and in the vast regions beyond the Mississippi and Missouri, . . . the government surveyor, even in advance of the pioneer, had laid the first foundation of local institutions. He had assigned the name and defined the territorial limits of the future social and political unit. Manifestly the 'congressional' township, though as such absolutely devoid of organization, is nevertheless a municipal

body in embryo requiring but slight encouragement to develop into a living body. . . . Moreover, it is extremely interesting to know that the framers of the ordinance were fully aware of its institutional significance."⁹

Imposition of the rectangular survey, with its familiar 36 sections per congressional township, provided a ready-made seed-bed for extension of rural local government cut according to the familiar New York pattern. As settlement took place, not only were convenient lines already drawn for boundaries of real estate but also ready-made empty rectangles were waiting to be filled with settlers, in civil towns or townships, school districts, and in counties and to be traced indelibly across the face of the earth by a monotonous gridiron of roads and highways. All that remained to be done was to transplant familiar institutional structures of local government. Territorial and early state legislatures obligingly cooperated in making this transfer as easy as possible by closely following—sometimes actually copying—the laws and provisions of states with which early settlers were familiar.

The March Begins: Michigan

When the territory of Michigan was created in 1805, it was the laws of the Northwest Territory, giving the county the chief place in rural local government, which predominantly influenced the first dozen years of territorial government. Counties were governed by the county court consisting of justices of the peace; there were county assessors and county

⁸ Perhaps it is well to point out that forms of the rectangular system existed in some of the colonies before this plan was adopted for the public domain. Kentucky, Tennessee, Texas and parts of Ohio were not surveyed by the federal public land survey. It is unfortunate that the 36-square-mile unit of this survey, the *township* (also called the "congressional township"), should be given the same name as the civil local governmental unit—the *township*. However, in New York and Wisconsin this unit, a subdivision of the county, is called *town* as in New England.

⁹ As quoted by Arthur W. Bromage and Thomas H. Reed, *Organization and Cost of County and Township Government*, Michigan Commission of Inquiry into County, Township and School District Government, 1933, p. 5.

boards of review and equalization of assessments. The three judges and the governor who were responsible for territorial legislation until 1823 drew largely upon the laws of other states for their inspiration. One local writer of that time declared the governor and judges would:

"... parade the laws of the original states before them on the table, culling letters from the laws of Maryland, syllables from the laws of Virginia, words from the laws of New York, sentences from the laws of Pennsylvania, verses from the laws of Kentucky, and chapters from the laws of Connecticut."¹⁰

But General Cass, territorial governor of Michigan from 1813 to 1831, was thoroughly imbued with the principles of government characteristic of New England and New York. Accordingly, this influence was significant in forging the principles of the county-township system of local government. From 1817 to 1827 abrupt and significant changes were made. In 1818, a few months before the establishment of county government in that portion of Michigan Territory which is now Wisconsin, the management of the affairs of each county was placed in the hands of a board of three commissioners appointed by the governor. Federal and territorial legislation made the commissioners elective in 1825. In that same year the Congress of the United States authorized the creation and incorporation of civil townships. This was followed in 1827 by the adoption of a complete system of towns (towns were the same as townships) with the county governed by elected town supervisors. Thus the influence of New York completely replaced that of the Northwest Territory, and with the

adoption of the town supervisory system of county government Michigan definitely hitched its wagon to the New York star. With some modification, this system has continued to the present time.

Transplanting to Wisconsin

Rural local government in Wisconsin followed the same line of development as in Michigan although some 20 years later, or about the length of time necessary for the restless pioneers to spill over into the tree-covered reaches beyond Lake Michigan. Wisconsin Territory was separately organized in 1836 from the sparsely-settled western portions of Michigan Territory, and as soon as the territory was organized, there followed a long and bitter struggle between early "southern" and "northern" influences. One group supported the county as the principal unit of rural local government while the other sought to universalize the New York pattern.

The basis for the struggle over the form of local government emerged early. Prior to the formation of the territory of Wisconsin, the "lead region" of southwestern Wisconsin was the dominating influence in politics west of Lake Michigan. Settlers in Iowa and Crawford counties came mostly from the south and were in favor of the commissioner form of county government. After the Black Hawk War of 1832, spurred on by the acute economic depression in the eastern states that resulted from the panic of 1837, a large wave of settlers from states bordering the North Atlantic seaboard was attracted by the virgin lands of Wisconsin. These newcomers preferred the New York system of county-town government.

During the territorial period, however,

¹⁰ Cited by Dwight G. McCarty, *The Territorial Governors of the Old Northwest* (Iowa City: State Historical Society of Iowa, 1910), pp. 121-122.

the see-saw fight over the form of rural local government resulted in many changes in the organization and methods of performing local governmental functions. This was especially true of the assessment of property for tax purposes. Inherited from Michigan were county assessors and county review. County organization without townships was retained for the area west of Lake Michigan despite adoption of town government in the rest of the Territory of Michigan. The first session of the Territorial Legislature of Wisconsin, meeting in 1836, specifically adopted all the laws of Michigan Territory and then immediately proceeded to amend them, apparently to more nearly fit Wisconsin needs. What actually happened was that many Michigan modifications were disregarded and instead the original provisions of New York were adopted. Town assessors replaced county assessors and review was performed by the several assessors of each town as in New York. In 1838 county assessors were readopted, with review performed by the board of county commissioners. Although this arrangement lasted only one year, it was just long enough to be copied into the laws of the territory of Iowa when it was organized separately in 1838. In these early years the town was "off again, on again, gone again, Finnegan."

Agitation persisted for establishment of the New York system of town and county government. The rising tide of pioneers coming from New England and New York demanded a return to "decentralized government." As the *Milwaukee Sentinel* of September 8, 1840, reported:

"They said the existing system was 'undemocratic,' and that each town was more competent to judge its own wants and legislate in its own interest than a 'remote, ex-

pensive, and to them in a measure, irresponsible body'."¹¹

In order to effect a compromise between the two opposing forces, a law was finally passed in 1841 permitting the voters of each county to choose the form of local government desired. In 1842 eight counties changed to the New York system. Other counties changed later and by 1848 (statehood) all had adopted the plan except Grant, Green, Iowa, Sauk, and Lafayette, the old southwestern counties originally settled by southerners.

There is little wonder that conditions were ripe for the issues to get into the first constitutional convention. But the constitution failed to settle the dispute, although there was little doubt that both the sentiment of the Constitutional Convention and the majority of the Wisconsin citizens favored the New York system at statehood. Of the 56 members of the Convention, 25 originally were from New York and all but 7 of the remainder were from New England.¹² Proponents of strong, centralized county government (southern style) could not get to first base with their suggestions.

Although the constitution provided for "one system of town and county government, which shall be as uniform as practicable," the determination of that form was left to the legislature, a matter which it hesitated to deal with in a positive manner. After a number of conflicting changes during and following the Civil War, the present town supervisory system of county government was finally permanently established in 1870. The New York sys-

¹¹ David E. Spencer, "Local Government in Wisconsin," *Johns Hopkins University Studies in Historical and Political Science, Eighth Series* (1890), p. 97.

¹² R. V. Phelan, *The Financial History of Wisconsin, Economic and Political Science Series*, University of Wisconsin Bul. 193, Madison, 1908, p. 308.

tem of town and county government was thus firmly established in Wisconsin. In 1941 there were 71 counties and 1289 towns in the state.

Wisconsin and Illinois are at present the "farthest west" of the states having dual county-town form of local government. Illinois also had the conflict between the northern and southern ideas about county government and solved the problem neatly by letting each county select the form it wanted. Most of the Illinois counties have adopted the supervisor form.¹³

The significant features of the New York system are the division of powers between the town and the county and the unique representation of the towns and other units of government on the county board of supervisors. Some variations exist but in Wisconsin the executive officer of the town (the town chairman) and a supervisor from every incorporated village and from every city ward constitute the county board of supervisors. Such boards often are large and unwieldy. This peculiar interrelationship between the county and the town (also the village and the city) does not obtain in the remaining states discussed in this article (Iowa, Minnesota and North Dakota) even though these states also have townships as separate, though subordinate, units of local government.

Beyond the Mississippi: Iowa

The territory of Iowa, when created in 1838 from the western portion of Wisconsin Territory, carried over all the laws then in effect in Wisconsin Territory.¹⁴

¹³ North Dakota likewise gave her counties this choice but only a few counties adopted the more cumbersome system and this plan was dropped in 1940.

¹⁴ C. R. Aurner, *History of Township Government*

Thus was the beginning made which led eventually to a system of local government in Iowa very similar to that of Wisconsin, yet modified considerably by the remote influence of Pennsylvania via the laws of Ohio.

The first crossing of the Mississippi River by civil townships was made in 1834. In that year two townships were established—Julien Township in Dubuque County and Flint Hill Township in Des Moines County.¹⁵

On December 20, 1837 the Territorial Legislature of Wisconsin had provided for the election of three county commissioners in each county. This law was in effect when Iowa Territory was created in 1838. In the Organic Act of Congress establishing the territory of Iowa, the existing laws of the territory of Wisconsin were extended over the new territory of Iowa. Thus all the Wisconsin territorial laws on towns and counties remained in effect until changed by the territorial government of Iowa.

The first territorial governor of Iowa observed that although the laws of Wisconsin were, until changed by the legislature, in force in the Territory of Iowa in accordance with the Organic Act:

"... their incompatibility in many respects' with that act and the confusion into which they were thrown by 'being blended with the laws of Michigan' made it advisable to proceed to organize the local government in conformity to the Organic Act. He therefore advised legislation suitable to the local situation without reference to the laws of either Wisconsin or Michigan."¹⁶

It was not until 1840 that the territorial legislature could agree on a revised township law. The law adopted, representing

in Iowa (Iowa City: State Historical Society of Iowa, 1914), p. 22.

¹⁵ *Ibid.*, p. 17.

¹⁶ *Ibid.*, p. 24.

as it did a virtual copying of the township laws of Ohio for about the year 1805, marked Iowa's breaking away from the legislation of the territories of Iowa and Wisconsin and its return to the original laws of the Northwest Territory, supplemented by the Ohio statutes. Years previously the battle in Ohio between the New York and Pennsylvania system of rural local government had been settled in favor of the latter system.

It is probable that the considerable influence of Iowa's first territorial governor was responsible for this temporary change:

"In view of the fact that Governor Lucas had been a former executive of Ohio, that he had been for nineteen years a member of the legislative body of that State, and that he had served as the presiding officer both of the Senate and of the House of Representatives, it is plain that he must have been most intimately acquainted with the Ohio statutes. He could speak and act from experience and with the authority of one who saw conditions and needs more clearly and more broadly than did the members of the Assembly. While there appears to be no specific reference to the Ohio statutes in the Governor's messages to the Legislative Assembly, he did, however, recommend the Michigan school law as a good statute for the Territory of Iowa to follow; and the journals show that this statute was adopted almost immediately in its entirety. . . . Moreover, it has been discovered that the laws of Ohio were not only part of the library of the Territory, but they were also in the private library of the Governor."¹⁷

The changes adopted at that time were by no means permanent. Pressure continued to develop for stronger township participation in rural local government; yet, when the demand was answered, its critics often were able to countermand the legislation in a few years. And these changes had their accompanying effects

on methods of performing public functions. For example, in 1843 a system with township assessors was adopted, yet it was destined to last only two years:

"A large element in the population had been accustomed to the county organization as a form of local government; and accordingly, they were opposed to a system of township or precinct assessors. . . . In 1843 the township or precinct system was established, and in the following year it was confirmed by the Legislative Assembly. This change in fiscal administration from the county to the township is indicative of the strife which existed in pioneer Iowa between the two forms of local government."¹⁸

In 1845 the county system of assessment was readopted. Under the second Iowa Constitution the county system of assessment was destined to be short-lived. In 1858 a permanent change was made in the machinery of assessment. The township assessor was reintroduced for the third and last time. In discussing the merits of county-versus-township assessment, Governor Grimes remarked:

"It is much doubted whether the law of last session, substituting county for township assessor, was any improvement upon the former method of assessment. . . . I recommend the old law, in this particular, to be restored. . . . There must ultimately be a thorough township organization throughout the State, and the sooner the people become accustomed to it, the less difficult and burdensome it will become, and the more perfect and satisfactory will be the transaction of public affairs."¹⁹

In 1860 a system of township-elected supervisors to serve as the county board was adopted. It differed from its Wisconsin and eastern predecessors only in that the supervisors were specifically chosen to serve on the county board and not

¹⁷ J. E. Brindley, *Taxation in Iowa*, Vol. I, (Iowa City: State Historical Society of Iowa, 1911), p. 16.

¹⁸ Shambaugh's *Messages and Proclamation of the Governors of Iowa*, Vol. II, pp. 43-44.

¹⁹ *Ibid.*, p. 167.

to participate in township affairs. This was the fourth system of county government used in some of the counties during a period of 25 years. Finally, in 1870 this large board was changed to the district system which has continued to the present day. According to that system, a county is divided into from three to seven districts from each of which one supervisor is elected to serve on the county board of supervisors.

Despite these superficial changes in an inherited system, Iowa county government in the main has retained those features which were acquired before the Civil War. Townships, too, have continued to carry heavy though declining weight in rural governmental affairs. After crossing the Mississippi, the civil township ultimately spread entirely across the state to the Missouri River and beyond. In 1941 there were 94 counties and 1601 civil townships in Iowa. Only Minnesota had a greater number of townships.²⁰

Minnesota Drops the Board of Supervisors

The controversy in Minnesota over counties and townships was much the same as in Michigan, Wisconsin and Iowa. When the territory of Minnesota was created by Act of Congress on March 3, 1849, from the western remnants of Wisconsin Territory, the laws of Wisconsin were made the laws of the new territory and so remained until changed by the territorial assembly.²¹ "The first legislative assembly of the territory of Min-

nesota, 1849, continued in force many of the Wisconsin laws, and borrowed liberally from the same source in enacting other legislation."²² In the same year Wisconsin's form of county government was adopted. "In its principal outlines this general plan is the one that is in effect today."²³

Although there were no townships in Minnesota prior to statehood, as more and more settlers came in there was growing pressure for their introduction. In Minnesota's first and only Constitutional Convention (1857) there were heated debates over proposals to introduce a supervisory system of county government. Finally the matter was left to the discretion of the legislature, a discretion that it immediately exercised. The basic plan is still in use. In 1858 the first state legislature abolished the board of three county commissioners and replaced it by boards of supervisors representing the several townships as in Wisconsin. After consulting the laws of several states, it also enacted the Township Act of 1858 which established for the first time a complete system of township government throughout the state. Apparently these changes were inspired partly by the hope of reducing county government in importance and making it dependent upon the townships.

The county board of supervisors quickly proved to be unwieldy. "The board of supervisors in some counties exceeded 20 members. In Dakota County the board was called in derision the 'Dakota County Legislature.'"²⁴ In 1860 the second

²⁰ William Anderson, *The Units of Government in the United States* (Chicago: Public Administration Service, 1934), p. 17.

²¹ Harvey Walker, *Village Laws and Government in Minnesota*, Bureau of Research in Government, University of Minnesota, 1927, p. 42.

²² William Anderson and Bryce E. Lehman, *An Outline of County Government in Minnesota*, Pub. No. 7, Bureau of Research in Government, University of Minnesota, Minneapolis, 1927, p. 2.

²³ William Anderson, *Local Government and Finance in Minnesota* (Minneapolis: University of Minnesota Press, 1935), p. 78.

²⁴ Anderson and Lehman, *op. cit.*, p. 24.

state legislature repealed the provisions establishing the supervisory system and again provided for a board of county commissioners in each county. Sentiment in favor of the supervisory system did not immediately disappear; as late as 1869 another unsuccessful attempt was made in the legislature to secure its readoption.

Thus, by 1860 Minnesota had adopted the main features of her present rural local government. In 1941 there were more civil townships in Minnesota—1883—than in any other state. These units covered the whole state except small portions in the north. There were 87 counties in Minnesota at that time.²⁵

System Spreads to North Dakota

Although the present areas of North and South Dakota were at one time parts of the territories of Michigan, Wisconsin, Iowa and Missouri, no attempts were made by these territories to govern that sparsely-settled plains area; the white man had not yet arrived. Therefore, it is to Minnesota Territory (later the state of Minnesota), of which these states were once a part, that the first laws of local government in Dakota Territory are traceable. Three years after Minnesota became a state the western remnants of her territory, together with other areas, were organized as Dakota Territory. In that fateful year of 1861 President Lincoln appointed the first territorial officials.

The first session of the Dakota Territorial Assembly in 1862 established county government in the territory. Essentially, this first law on county government was a close-fitting outline of the system of county government provided in the laws of Minnesota prior to her statehood

(1858). Many sections of the 1862 Dakota law are more or less copies of the Minnesota territorial statutes, though frequently the same provisions were incorporated into the Dakota laws in fewer words.²⁶ Later laws of the territory and of the state of North Dakota (which was created from the approximate northern half of Dakota Territory) have only slightly modified the original structural outlines adopted from Minnesota, and most of these modifications have been made to keep Dakota laws in tune with those of Minnesota.

Amendments to the county government laws by the Dakota Territorial Assembly of 1874-1875 not only clearly illustrate how closely Dakota Territory tried to follow in the footsteps of Minnesota but also reveal how the structure of county government in its essential features was practically complete almost three-quarters of a century ago. As revealed in the revised code of 1877, Dakota Territory provided for a full slate of elective county officials with functions and duties strikingly like those of present-day North Dakota county officials. The law provided for three county commissioners and for a register of deeds, a county clerk, a clerk of the district court, a county assessor, a judge of the probate court, a county treasurer, a district attorney, a surveyor, a coroner, a superintendent of public schools, four justices of the peace, and four constables. The register of deeds continued to act as ex officio county clerk, just as the original Minnesota laws had provided. In time, however, the office of county clerk in Minnesota was converted to that of county auditor (mostly a change in name,

²⁵ William Anderson, *The Units of Government in the United States*, p. 17.

²⁶ *First Territorial Laws of Dakota Territory*, Ch. 23; this law was apparently copied from *Public Statutes of Minnesota, 1849-1858*, a compilation of laws in effect in the Territory of Minnesota when it became the state of Minnesota in 1858.

as duties remained essentially the same). In 1887 Dakota Territory also established the office of county auditor, an office which was optional at first but which became mandatory in North Dakota with statehood. Some changes in terminology were effected by the first and only North Dakota Constitutional Convention in 1889. The office of county auditor was made mandatory; the county clerk disappeared as a county official; the title of the "district attorney" was changed to "state's attorney"; the "probate judge" became the "county judge" although he remained almost exclusively a judge for handling probate matters; and the county assessor was eliminated in favor of the Minnesota system of township, district, city and village assessors. Just as in Michigan, Wisconsin, Minnesota and Iowa, the county system of assessment proved acceptable during the early years of the new territory, but with each renewed wave of eastern pioneers it weakened until it finally gave way completely to the townships and municipalities as primary assessment districts.

The first provisions on county government submitted to the 1889 North Dakota Constitutional Convention provided for a general law organizing county government on the basis of a county board of supervisors composed of representatives from each of the townships in the county, as in New York, Michigan, Wisconsin and, for a short time, Iowa and Minnesota. During the course of the convention there were numerous heated debates as to whether the county should be governed by the township supervisors or by a board of county commissioners. An optional provision was finally inserted in the constitution providing that counties might, if they so desired, adopt the township system, but that those counties desiring to

retain the three county commissioners might do so. Not until 1940 was the North Dakota Constitution amended to strike out the provision for township organization of county government. Few counties sought to use this alternative provision and in recent years that section was a dead letter.

Imposition of the congressional or survey township throughout the middle west, including Dakota Territory, laid the foundation for civil townships. In Dakota Territory, as in most of the states to the east, the boundaries of civil townships generally were made coterminous with congressional townships.

Although a few civil townships were created by special act of the Territorial Assembly, it was not until the adoption of a general township law ten years after establishment of Dakota Territory that townships began to be organized in large numbers. Fortunately, these laws were discretionary and did not require the establishment of townships throughout the territory.

The first general law providing for civil townships was adopted by the 10th Session of the Dakota Territorial Assembly. Chapter 51 of the 1872-1873 territorial session laws apparently was copied paragraph for paragraph, section for section, and almost word for word from Chapter 10 of the Minnesota Statutes of 1866.

The Dakota territorial township law contained 106 sections, the Minnesota law 108 sections; only a few words were different. Below is an illustration showing how many of the sections were identical. Note that organization of a civil township in both Dakota Territory and Minnesota presupposed the existence of congressional survey townships. *Italicized* portions of the Dakota law indicate differences in the two laws:

Statutes of Minnesota, Revision of 1866, Ch. 10:

"Sec. 1. Whenever a majority of the legal voters of any congressional township in this state containing twenty-five legal voters petition the board of county commissioners to be organized as a town under this chapter, said board shall forthwith proceed to fix and determine the boundaries of such new town, and to name the same; and said board shall make a full report of all their proceedings in relation to laying off said town, and file the same with the county auditor."

"Sec. 13. There shall be elected at the annual town meeting in each town, three supervisors,—one of whom shall be designated on the ballots as chairman, one town clerk, one treasurer, one assessor, two justices of the peace, two constables and one overseer of highways for each road district in said town; but justices of the peace and constables shall be elected only once in two years, except to fill vacancies."

Session Laws of Dakota Territory, 1872-1873, Ch. 51:

"Sec. 1. Whenever a majority of the legal voters of any congressional township in this *Territory*, containing *ten* legal voters petition the board of county commissioners to be organized as a town under this chapter, said board shall forthwith proceed to fix and determine the boundaries of such new town, and to name the same; and said board shall make full report of all their proceedings in relation to laying off said town, and file the same with the *register of deeds*."

"Sec. 12. There shall be elected at the annual town meeting in each town, three supervisors, one of whom shall be designated on the ballots as chairman, one town clerk, one treasurer, one assessor, two justices of the peace, two constables and one overseer of highways for each road district in said town; but justices of the peace and constables shall be elected only once in two years, except to fill vacancies."

Thus the form, structure and content of township government was taken from the laws of Minnesota with but slight changes. The method of choosing a name, the manner of holding elections, the number and functions of townships, the size and boundaries of townships; the number, kind, name, length of term and duties of township officials; the procedure for opening and locating highways on township and section lines—and on through the 106 sections of the township law—were copied from Minnesota. Essentially the structure, organization and operation of the 1943 township in North Dakota is a rough outline of the Minnesota law of 1866, which (as has been noted) was far from original.

Even though significant areas of the western part of the state were not organized into civil townships in 1941, North Dakota (with the ninth smallest population in the Union) ranks sixth among the states in number of civil townships, with a total of 1405. There are now 53 counties in North Dakota.

There was still another way in which

the congressional township was instrumental in determining the boundaries of future political units in the Dakotas. Eventually, it was the basis for dividing most of the Dakotas into local areas for the provision of public schools. But before the township system became dominant there was a constant conflict between two forms of local school organization, one based on the small school district with its one-room school and the other on the congressional township with its several one-room schools.

Prior to 1883 the small school district was the characteristic method of local school organization in Dakota Territory. Then the township school district or school township came into existence. Colonel W.H.H. Beadle, an Indianian by birth and education, was probably most responsible for the adoption of the school township. As a result of his appointment as surveyor general of Dakota Territory by President Grant, he had the opportunity to become intimately acquainted with the congressional township. In later years Beadle became territorial superin-

tendent of schools, and as such became the father of the Dakota school systems.

In 1883 Colonel Beadle succeeded in getting the Territorial Assembly of Dakota to adopt a township form of school district organization as a substitute for the subdistrict system previously in operation. School township lines in the main were required to follow civil or congressional township boundary lines. This law required the establishment of school townships in new counties and abolished the previously existing small school districts in all but 18 of the older counties; and even in these 18 counties, boards of county commissioners were authorized to put it in force. The county boards of Turner, Lake and Brookings counties took advantage of this authorization almost immediately. The school township was required of all new counties. In 1884 the school township was in full operation in 65 counties while district systems remained in the counties of Union, Lincoln, Clay, Yankton, Minnehaha, Moody, Deuel, Codington, Cass, Grand Forks, Walsh, Pembina, Barnes, Lawrence and Hutchinson.²⁷ In 1886 there were 83 counties in Dakota Territory, of which 68 were using the school township system and 15 the district system. In counties using the school township law there were 865 organized school townships as contrasted with 1150 organized school districts in counties utilizing the district system.²⁸

Colonel Beadle left little doubt that he had modeled the school township of Da-

kota after the school township of Indiana, his home state. In supporting the new legislation he stated that the school township was "... in full force in the State of Indiana where its excellence finds unanimous approval. The common school system of that State has no equal in the northwest for vigor, usefulness, progress, and administrative responsibility."²⁹

The school township law enacted at the request of Colonel Beadle was separate from the civil township government. This separation was made because many parts of the territory, especially in the west, had not yet been organized into civil townships. In nearly all cases, school townships had the same boundary lines as congressional and civil townships. There were no financial or organizational lines between the school township and the civil townships. Their governments were separate as in Indiana.

These two systems of school organization, differing essentially only in the amount of area included within their boundaries, remained side by side until after North Dakota reached statehood. Several efforts were made in the Constitutional Convention of 1889 to insert a provision in the constitution making the district system mandatory. For example:

"This matter of the school district system came before the committee and it was their idea, and the idea of the Convention that while the school district system might be the best, at some other time there might be some better method, and we thought the better plan would be to adopt a uniform system and if so the legislature will make it uniform."³⁰

The first biennial report of the North

²⁷ *Fifteenth Annual Report of the Superintendent of Public Instruction of the Territory of Dakota, with Accompanying Documents, 1882-83-84*, Yankton, p. 30. (The five counties later included in North Dakota and which are still characterized by small school districts are Cass, Grand Forks, Walsh, Pembina, and Barnes Counties.)

²⁸ *Seventeenth Annual Report of the Superintendent of Public Instruction of the Territory of Dakota, Bismarck, 1886*, p. 7.

²⁹ *Fifteenth Annual Report of the Superintendent of Public Instruction of the Territory of Dakota, with Accompanying Documents, 1882-83-84*, p. 74.

³⁰ *Minutes of the North Dakota Constitutional Convention, 1889*, p. 603.

Dakota State Superintendent of Public Instruction reported how differences between the two school systems were resolved by the first legislature so as to meet the constitutional mandate of a uniform system of schools. Of the 38 organized counties in North Dakota at statehood, 33 had the school township system and 5 of the wealthiest and most populous eastern counties had the district system. "Adherents and supporters of each system demanded that the proposed law should be made to conform to their wishes. Finally a compromise was reached. . . . The school corporation is known as a school district; the boundaries as far as possible are to correspond to township boundaries, organized school townships and township districts retaining in the main the boundaries which they had heretofore had."³¹

Only a casual glance at the 1943 school district map of North Dakota is sufficient to note that the township was extremely influential in determining school district boundaries in most of the state, except the five counties previously mentioned.

Summary

Like the other states of the Northwest Central Region, North Dakota is in what Anderson calls the "high pressure" area of local governmental units. This region, which has only ten per cent of the United States population, has more than a third of all local governmental units. No other region can claim that distinction. Counting rural as well as municipal units, North Dakota—with an average of 64.3 units per 10,000 population—ranks third. South Dakota (the other state created from Dakota Territory) has an average

of 76.8 units per 10,000 population, and Nebraska has 64.9 units. By way of contrast, New York has an average of only 6.1 units per 10,000 population.³²

The reason North Dakota is part and parcel of this "high pressure" area is that the system of rural local government in North Dakota is the end product of a long but unrelenting series of migrations from New York through Michigan, Wisconsin, Iowa and Minnesota into the Dakotas. This was true of both the county and the township. That the civil township was being extended to areas of smaller and smaller population as it moved westward apparently was of little concern to our forefathers. Theirs was the belief that population would soon follow the plow. By 1940 the average and median population of rural townships or civil townships in the successive states was as follows:³³

STATE	Average Population	Median Population
New York	3,403	1,645
Michigan	1,454	928
Wisconsin	901	785
Iowa	791	730
Minnesota	540	491
North Dakota	202	179

This system of rural local government was perhaps ordained for the Dakotas when Congress ordered its surveying by congressional townships, as it had likewise ordered in the case of the various other states created from the Northwest Territory. This meant that boundary lines for the new communities and local governments were laid even before the coming of the pioneers. The pioneers soon inaugurated systems of local government such as they had had in their home states to the east. It was by such transference

³¹ *First Biennial Report of the Superintendent of Public Instruction of North Dakota, 1889-1890*, p. 30.

³² William Anderson, *The Units of Government in the United States*, Figure 6.

³³ *Ibid.*, Table 12.

that the New York system of rural local government, born of closely settled areas and nurtured by relatively humid weather and stable agricultural conditions, was eventually grafted upon the more thinly settled and highly variable meager rainfall areas of the Dakotas. Imposition of the survey township also meant that a pattern of land settlement was being adopted for this area even in advance of the establishment of its agricultural potential.

The dominant tendency for American pioneers to move largely westward rather than southward or northward made it certain that eastern institutions of local government would also move westward in the same parallels of latitude. The pioneers took with them to their new homes

in the West their own methods of farming, of community life, and of government. Bitter experience born of starvation and drouth gradually taught them that different types of agricultural products were required on the Plains and that vast changes in agricultural practices were essential for survival. Some of these changes were handicapped (and still are) by the extremely unsatisfactory system of land ownership—predestined for the Dakotas with the adoption of the various homesteading acts. If the inherited methods of agriculture proved such a failure, is it not also possible that the imported institutions of local government, primarily eastern in ancestry, are also ill-fitted for the governmental needs of the Great Plains?

Regions, Classes and Sections in American History

By WILLIAM B. HESSELTINE*

HISTORIANS have long been aware of the significance of sections in the development of the United States. Since Frederick Jackson Turner first propounded his frontier hypothesis, students have given increasing attention to the influence of the West, the North and the South in America's evolution. From the exhaustive monographs of historians it is apparent that sectionalism has ever been a divisive force in the nation. Only a long series of compromises has held the nation together. The divergent interests of sections have constituted the major problem of America's past and bid fair to be the major issues of the future.

Recognizing the conflicts between sections, recent students—designating themselves “regionalists”—have attempted to break down the accepted historical sections into regions and to create a “new science of the region.” This new science is, in the words of two of its protagonists, “descriptive of how all societies grow, fundamental to realistic planning, and important in the interrelation and co-ordination of the social sciences.” Students of regionalism attempt to interpret the living society of the historical nation and the quest for political, cultural, and spiritual autonomy. In the end, the regionalists hope to bring the work of ecologists, geographers, sociologists, and economists to focus on the region and to produce a program for regional development within a unified nation. Hopefully

they assert that these studies would lay the groundwork for national planning which would preserve the beneficial qualities of each region and utilize the full economic and cultural potentialities of each for the well-being of the whole. In contrast with the divisive, selfish nature of sectionalism, this “regional-nationalism” would promote unity and cooperation.

Whatever may be the outcome of such studies, it must be apparent at once that no research into the nature and function of the region can be valid which is not based upon a thorough knowledge of the role which regions have played in American history. On the other hand, historians—long accustomed to envisaging the nation in terms of sectional conflict—might well consider whether regionalism offers a satisfactory concept upon which to base a synthesis of the complex forces in American development.

The regionalists' basic concept that the United States is a congeries of regions is fundamentally sound. Geographically, its territory consists of an almost infinite variety of regions ranging from the coastal plains of the Atlantic seaboard to the arid deserts of the Southwest. Considered in their cultural aspects, an even greater variety of regions may be defined. There are metropolitan regions and their hinterlands, regions of sparse population, regions of specialized farming, regions of literary activity, and regions of artistic striving. There are mill zones, trade areas, milk sheds, federal reserve districts, army corps areas, freight rate territories,

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and cotton kingdoms. Regionalism is a concept predicated upon the assumption that American life is organized on local bases. Regions of economic production, of public health, of police administration, and of national defence necessarily overlap but are not necessarily coterminous. Regions may be marked differently for different purposes and at different times; yet, regardless of the frame of reference, the persistence of the region becomes the one constant factor in the American scene.

The first and most stable of all regional classifications—and the one most significant in American history—is based upon physiography. The settlement of the continent proceeded from the seacoast to the Ohio and Mississippi valleys, over the Great Plains and the Rockies to the Pacific. Within each of these areas there were regions whose essential character was determined by the climate, rainfall, topography, vegetation, and natural transportation facilities. In the Colonial period, settlement followed the configuration of the country and no less than eight regions were apparent by the time of the American Revolution. These were the New England seacoast, the New England river valleys, the valley of the Hudson, the Delaware and Schuylkill valleys, the Chesapeake tidewater, the Carolina rice coast, the Virginia and Carolina Piedmont, and the Appalachian highlands. During and immediately after the Revolution, migrating colonists began the settlement of the Ohio Valley, the Kentucky Bluegrass and the Cumberland Plateau. Soon Whitney's invention created the cotton kingdom. Sugar cane took root in Louisiana and population moving westward occupied the upper shore of the Mississippi, followed the winding course of the Missouri, and struck out over the

plains and mountains for the Oregon country.

Each region met by the advancing peoples possessed a distinctive geographic character and in each region the settlers took on characteristics identified by their environment. In the process of settlement regions changed their character, their people, and even their boundaries. The industrial revolution transformed the river valleys of New England into mill zones, laid iron trails across the prairies, dug tortuous caverns beneath the Appalachian hills, and piled up mountainous heaps of barren slag. Tidewater regions lost their soil and grew up in second-growth slash while irrigation ditches made deserts blossom. Yet regions remained. The nation was born in the region and the region remained as the dominant force in the nation.

Beginning with this concept of the American nation as a series of regions, students of both regionalism and history should recognize that the population of the nation is divided within itself into sundry economic, cultural and social groups. From the beginning of settlement on the western continent there has been a constant evolution of groups and a constant conflict between social classes. In the first days of the white man in the Chesapeake tidewater, social and class differences developed. Before the first representative assembly met in Virginia—with the first division of land by the London Company—American class distinctions began. Those planters who, by virtue of greater wealth, superior ability or political favoritism, secured the better lands of the Virginia river bottoms constituted a favored class in the colony. Later arrivals and less-favored settlers found themselves forced into the back country or out to the frontier. The river

bottom planters, with their own wharves, used their commanding position to exploit their less fortunate neighbors. The shipment of colonial tobacco was in the hands of the nascent planter aristocracy. Controlling the colony's courts as it did, this aristocracy administered a planter's justice. Through its domination of the colonial assembly, it limited the political privileges of the newer settlements which the less-favored groups established.

In each of the colonial regions a comparable situation developed. The Quakers of Philadelphia, the landlords of Maryland, the merchants of New York, and the merchant-ship builders of the New England seacoast became the dominant groups in their regions, and other groups were faced with the choice of yielding to them or migrating to another region. Yet, within each new settlement, the process of group division was repeated. One group seized and held the wealth-producing vantage points and dominated the region. In the valley of Virginia those Scotch-Irish who gained the bottom lands forced their fellows into the less fertile hills. Having done so, the local rulers made an alliance with the planters of the tidewater, secured special privileges and won control of their local parish vestries and of the county courts. "Come-outers" of New England migrated to the river valleys and divided like cells again and again, each time leaving a predominant and one or more subordinate groups to continue the struggle for control of the region. In the settlement of the frontier there were always class distinctions. Those who acquired the best lands constituted a dominant group: Those with the poorer soils or those removed from immediate access to the lines of transportation became economic, political and cultural subordinates.

The contest between groups for the control of their region has been the moving force in American history. The control of a region involves the possession and manipulation of all those social, political and economic institutions which affect its people. First among these institutions are the local agencies of government and of politics. Because of the regional nature of the nation, American government and politics have always been based upon local interests. The largest portion of the tax dollar has, until recently, been expended for local government—for police protection, streets and highways, poor relief, and education. Except in emergency situations, local government (its policies and practices) makes the greatest impact on the individual. National politics are frequently a composite of local policies, and Winfield Scott Hancock's oft-ridiculed remark that "the tariff is a local issue" showed an insight into the realities of that much-debated "national" problem.

Because of the primary importance of local government, the economic or social group which can control wards, townships and counties can direct the expenditure of local taxes, determine the location of streets and highways, direct the operations of police officers, create zones, and formulate the ordinances, rulings, decisions, and laws which mark the bounds of local conduct. Through control of local governments, southern planters could once prevent slaves from escaping from bondage and can still hold sharecroppers in peonage. Through the control of local governments, manufacturers can prevent strikers from molesting strikebreakers, landlords can evade building inspectors, and iron foundries can ignore smoke-abatement ordinances. Hence, planters, manufacturers, landlords, and iron magnates—each a group dominant in its re-

gion—contribute to the war chests of the local parties and cooperate with ward heelers or civic organizations in “getting out the vote.” “American” politics are regional politics and the control of local and state governments is the prime consideration of ruling groups.

In a democracy, however, the control of political institutions cannot be obtained without the assistance of the intellectual institutions of the region. Unless schools, press and pulpit further the ideological concepts of the rulers in classrooms, sermons and editorials, and unless libraries, forums, theaters, lectures, and lyceums render assistance by suppressing opposing views and advancing “constructive” opinion, the dominant group in any region will lose its supremacy and become subordinate to whatever other group may obtain control over the complex agencies of mass education.

Because they serve the interests of local groups, schools have always been locally financed and controlled. Public schools are supported by local taxes and their teachers are hired by local boards. No widespread enthusiasm has ever been aroused for a national university, and the pressure of a thousand local communities has forestalled a department of education in the federal government. Of more than a thousand colleges in the United States, only a handful can claim more than local support, while the great “national” universities are primarily concerned with serving special regions. The majority of the faculties of the great universities are natives of the immediate region, the majority of the students live within a hundred and fifty miles of the campus, and the majority of the alumni live within driving distance. The graduate students study local social conditions, local soil, or local economics, and upon receiv-

ing their degrees get teaching positions in nearby colleges.

The essential localism of the schools render them particularly subservient to the dominant groups of the region. The curriculum tends to reflect the prevailing group concepts and is designed to further group control. The first American public school law—“The Old Deluder Satan Law” of colonial Massachusetts—declared that schools were weapons in the fight against the devil. The curriculum of the New England schools emphasized the necessity of obedience to the Puritans’ economic and religious ideals. In a later generation Horace Mann “sold” public education to the rising manufacturers of New England with the assertion that education would support manufacturing, increase invention, and produce a docile laboring population. More recently, the Morrill Act furnished the dominant groups in agricultural regions with special schools, and the development of trade courses and vocational high schools has served the interests of dominant urban industrial or labor groups.

Like the schools, the church reflects the opinions of local dominant groups. Unlike the school, the church makes claims to national influence, but the regional character of the churches belie the claims. Congregationalists, Baptists, and Presbyterians are frankly organized on a regional or local basis. The Methodist annual conferences and the Episcopal dioceses are practically autonomous units. Theology varies with regions, and there is a greater difference between the constituent churches of a denomination than between the denominations in a given region. Southern Baptists differ less from Southern Methodists than they do from Northern Baptists. Each church yields to the pressures of its region and becomes a supporter of

its dominant group. Anglican clergymen in colonial Virginia furnished spiritual justification to Virginia's planters, and the Congregational ministers of New England preached the Revolutionary War as a holy crusade. Along the frontier and in the back country, Presbyterian pulpits indoctrinated their Scotch-Irish parishioners with the precepts of a divinely-ordained squatter sovereignty. In the beginning, Methodists and Presbyterians in the South opposed slavery. Before the sectional controversy had been settled by civil war, the Southern Methodists and Presbyterians had churches of their own and were devoting their efforts to proving that slavery was a divine institution.

Control of a region's political and intellectual institutions is merely ancillary to the control of the purely economic institutions which lie at the foundation of a region's life. The ownership of the banks and the direction of credit facilities; the control of railroads, harbors, shipping facilities, and warehouses; and the dominance of employers' associations, chambers of commerce, and labor organizations are the major objectives of a region's ruling group.

American history has known few regions in which one group has secured absolute dominance and held power for an appreciable period. Instead, the contending groups have customarily been nearly balanced, the superior group maintaining only a precarious hold on power. Occasionally this power has been held by coercion; more generally it has been held by sundry concessions to subordinate groups, and sometimes it has been held by a skillful process of dividing the opposition.

The dynamic force in American history has been the struggle of rival groups for the control of their regions. The evolution of an area from a hunters' and trap-

pers' paradise into a metropolitan region, through all the stages of lumbering, farming, and village life, is dependent upon the struggle of successive dominant groups for control. Thus, the lumberman challenged the control of the trapper; the agricultural frontier pushed out to claim the land as the lumberman, his timber gone, relinquished his hold; while the farmer in turn became subordinate to the rising business interests of the village. Within the village a mercantile group fell under the control of the bankers, who became the nucleus for a group of industrialists. At every step in this competition, the dominant group has sought to maintain its control by using the power of the government, by determining the policies of press, church and school, and by encouraging or resisting the growth of economic institutions.

The primary motivation for this competition between social and economic groups has been the extraction of profit and prestige from the region's resources. The control of the region is the first and greatest need of the dominant group. But this control can be secured only by keeping a careful watch on outside influences. Under the American system, regions constitute component parts of a diverse nation. The development of any one of them may be halted, modified or hastened by the action of extra-regional power. The federal or the state governments may adopt policies which promote or deter the advance of groups within the region. Freight rates, interest rates, or the incidence of taxation may favor the advance of one group over another. Hence, the controlling group within each region has sought to combine with groups in other regions to control these outside forces and to divert their actions from evil to good.

Such a combination of interregional

groups has been possible only upon a basis of mutual concession and agreement. Complete identity of interests between groups of different regions has seldom been evident, but their harmonious cooperation has generally been possible through compromise. When the dominant group of one region has succeeded in making a working alliance with comparable groups elsewhere, the result has been a political party and the terms of the compromise have been formulated in a party platform or in a party's legislative program.

Frequently, of course, the dominant group of one region has been the enemy of the ruling class in another. Often, the sole unifying factor in a political combination has been a common enemy. The dominant group in east Tennessee from 1830 to 1860, for example, was Whig; yet east Tennessee's small-farming, non-slaveholding Whigs had little in common with the great Whig planters of the Black Belts. The Whigs of east and west Tennessee were cultural, social and economic opposites; yet their common enmity to the Democrats brought them together in state and national politics. So, too, the Whig planters of the Cotton Kingdom had few interests in common with the American-System men of the north. They opposed the bank, tariff and internal improvement program of Clay, Adams and Webster—yet a common enmity to Jacksonianism drew them into the Whig ranks. Primarily, the southern Whigs were interested in maintaining their social and economic dominance in the southern regions; mutual conservatism brought them into political alliance with northern bankers, contractors and industrialists. Since Reconstruction, the conservative, frugal Bourbons of the south have been allied with the often-extravagant, fre-

quently-corrupt, and occasionally-radical groups of northern and eastern cities. Not community of interests but a common enmity and a common desire to dominate their own regions have put these strange bed-fellows into a single political berth.

From the beginning, just as group competition for regional control has constituted the dynamic force in American history, so the system of compromise between regional groups has been the cohesive factor in American life. A common opposition to the English parliamentary program brought southern planters, New England merchants, back-country farmers, and Scotch-Irish frontiersmen together in the American Revolution. The Declaration of Independence, with its egalitarian philosophy, had little appeal to the wealthier classes in colonial communities but only through a momentary adherence to that radical document could the economic shackles be avoided. Upon the conclusion of the war, an internal conflict ensued within the various regions of the new United States. Merchant groups in New England, planters in the south, and business men in the middle states struggled with radical groups for the control of the political and economic machinery of the regions. In town meetings, in counties and in states the conflict went on throughout a lustrum which was indeed a "critical period" for all the groups concerned. In the end, conservative groups gained control of a number of state governments. Immediately they began to legislate in their own interests, and immediately the radical groups began rebelling against the legislation of the victors.

It was with a full realization that only a strong national government could insure their gains in their regions that the dominant conservative groups assembled

at Philadelphia. They met to form that "more perfect union" which would promote "domestic tranquility." The interests of merchants and planters were antipathetic. The tobacco growers of Virginia and Maryland had little in common with the producers of rice and indigo in South Carolina. Land speculators and shippers were at opposite poles on matters of national policy. Yet they had one common interest—the desire to secure and maintain dominance in their respective regions.

The resultant constitution was the platform of the political party which these groups founded. In the drafting of that platform there were conflicts which had to be settled by compromises, and in the completed document there were ambiguous passages which represented verbally the decision to postpone the issue until after the constitution should have run the gauntlet of the ratifying conventions. But the greatest of the compromises of the constitution was the document itself. It was a compromise between what the members of the Philadelphia Convention wanted and what they believed their opponents desired.

With the adoption of the constitution and the establishment of the federal government there began a struggle for the control of the agencies of national power. The struggle was between regional groups. Hamilton's program, unfolded in the first years of the new government, was a frank attempt to align the dominant groups of certain regions behind the national government and to use the power of the government to benefit the supporting groups. Unfortunately for his purposes, Hamilton's program could not encompass the planters' groups which dominated the southern regions. These groups made the minimum number of comprom-

ises necessary to keep peace in their respective regions and began to combine with subordinate groups—whiskey rebels along the frontier, ex-Shayites of New England, small farmers of the middle states, and artisans of eastern urban communities—to seize the national government from Hamilton's Federalists. Each of the groups entering into this new combination was primarily interested in securing the dominance of its own region. The Jeffersonian concepts of strict construction and of states' rights served merely as a device for holding the groups together. It was another political platform comparable to the Declaration of Independence and the Constitution. Once the Jeffersonian groups gained power, the principles of the Kentucky and Virginia Resolutions were ignored by their authors and were adopted by the ousted Federalists. But no sooner had the Jeffersonian groups gained power than they began to separate. United momentarily by offense against a common enemy, they found their interests opposed when they came to exercise the power they had won. Immediately the groups began to form new alignments, and shortly there appeared a new political party with its own formula. Time and again this process has been repeated in American political history: never has a party succeeded in gaining and holding the support of all the dominant groups of all the regions.

Fundamentally, the reason for this constant flux of political alignments is to be found in the imperialism of the dominant groups. No group has ever been content with the simple control of its own region. Instead, each group—upon achieving control of its region—has sought to extend its imperium and make tributaries of adjacent regions. Once a group is securely ensconced in its own area, it attempts

to secure the political machinery of neighboring regions, to impose its ideological concepts on its neighbors, and to direct the economic activities of those regions for its own ends. Thus, a metropolitan area under the control of industrialists seeks to control its state's government, to influence the teaching in the state's schools, and to utilize the power of the state to make the rural hinterlands tributary to the metropolis. Such a metropolitan region under the control of a labor group seeks the same ends and employs comparable tactics. In the same way the rural areas, controlling the government of a state, might promote agricultural education, impose discriminatory taxes upon urban wealth, and direct the expenditure of state funds (extracted from the metropolis) to build farm-to-market roads, carry on soil conservation projects, or give Bangs tests to cattle.

It is the imperialism of dominant groups that has given rise to the phenomenon of sectionalism in American history. Sectionalism is the combination of comparable dominant groups in contiguous regions in order to exploit other regions or the nation as a whole. Through the control of state governments and political parties, such a combination of groups can coerce the national government. Repeatedly in American history sectional combinations have been able to dictate the choice of a president, block unfavorable legislation, secure favorable laws, and extract an undue proportion of federal appropriations for sectional benefit. Sectionalism is competitive rather than cooperative; it is directed toward particularistic rather than national ends. It is divisive rather than unifying in its tendencies and its implications are conservative rather than progressive.

Sectionalism began in American his-

tory with the program of Alexander Hamilton. Although the first secretary of the treasury designed his financial arrangements to appeal to the creditor groups in all regions he gained adherents primarily in New York and New England. The Jeffersonian opposition was national rather than sectional; but by 1812 the opponents of the Republicans had created a new sectionalism in the old Federalist centers. Thereafter, sectional alignments were a constant threat to the Union. The southern section, composed of the Cotton Kingdom and the adjacent principalities of rice, tobacco and sugar, constituted a single political bloc from 1820 to 1860. Efforts to unite northern regions in an opposing section began with Henry Clay's American System and continued until a sectional party had placed Abraham Lincoln in the White House.

Such sectional alignments of minority groups usually found themselves in a strong bargaining position and were generally able to force compromises and concessions from other regional groups. The great compromises of 1820, 1833, and 1850—each forced by sectional interests—were only the dramatic and publicized symbols of hundreds of other less spectacular but no less important compromises. Political platforms, party programs and congressional legislation were filled with compromises between the sections. The eventual refusal of one section to yield to another led to secession and the Civil War.

The years after the Civil War witnessed the first complete victory of a sectional party. During the Reconstruction period, the captains of industry and the masters of the counting houses dominated the northern and eastern regions. The basic conflict between these leaders of society and laborers and farmers was mo-

mentarily stilled because the masters of capital had control both of the state and national governments and of the Republican party. They controlled the intellectual life of the country through endowments to private schools, election of the officers of public schools, and the imposition of "patriotic" concepts upon academic curricula. Press and church became "big business" and devoted their efforts to propagating the ideals of the sectionally dominant groups. Moreover, these groups in the northern and eastern regions had the alliance of western regions. In the west, industrial groups were coming into power and western finance was intimately connected with eastern financial centers. Moreover, in the legislation of the period, western regions received railroads, internal improvements, free lands, and improved credit facilities. Whatever opposition might have developed locally in the west was stayed by eastern control of the agencies of public expression. The eastern groups controlled western newspapers through bank loans, stock ownership and the control of news services. The western church was subservient to its eastern leaders, and both the Democratic and the Republican parties were controlled by easterners. For the most part, any minor rumblings of discontent could be silenced by the oratorical waving of the bloody shirt from political stumps.

Together, these eastern and western groups prepared to exploit the south. To make sure that they controlled the national government, they gave the suffrage to southern negroes. The dominance remained secure until the negroes gained sufficient political experience to demand concessions for themselves. Finally, confronted with the imminent possibility that a new alignment between western farm-

ers, southern poor whites, and negroes would overthrow them, the masters of capital of the eastern regions discarded the negroes and entered into a new combination with the southern Bourbons. The sectional dominance of the northern regions had lasted long enough, however, to give the masters of capital a firm grasp upon the economic institutions of the conquered south.

Fully aware of the divisive and exploitative aspects of sectionalism, modern regionalists have proposed the substitution of a nationalism based upon regional integration in the total national picture. But any "planning" for such a goal should be firmly grounded upon a recognition of the historical nature of American regions. The study of regional history might serve to clarify the issues for both historians and regionalists. Historians would do well to recognize that the United States is a congeries of regions for whose possession rival groups have been engaged in a continuous struggle. The nature and evolution of the regions have been determined by this conflict, and national history is the product of the complex struggle for regional control and group expansion. Such a regional approach to American history offers no simple formula for resolving the complexities of American development, but it presents a more realistic basis for evaluating past and present American problems.

Regionalists who envisage a systematic plan for national well-being with the goal of the "greatest good for the greatest number" not only must consider geographic and mechanistic regions but also must concern themselves with the constant struggle between rival and competitive groups in the regions. National planning which ignores the facts of group dominance or fails to analyse the tech-

niques of group control is doomed to failure. Any program of national planning must be based upon a realistic recognition of group conflict and must incorporate a program of conciliation in which southern share-croppers and New York bankers, the railroad managements and the railroad brotherhoods, the C.I.O. and the A.F. of L., the potato growers of Maine

and Idaho and the hotel proprietors of California and Florida can lie together as lambs. Unless the regionalist program can comprehend all groups in all regions and can organize all factions in support of a united and prosperous nation it will degenerate, in the end, into a new sectionalism.

Indirect Benefits from Irrigation Development

By H. E. SELBY*

INDIRECT benefits from irrigation development, as the term is generally understood, are all benefits other than those accruing to the farmers who use the water—who are considered to be the direct beneficiaries.

Benefits from an irrigation project, both direct and indirect, are in the additional welfare that accrues from public development of the project as compared with welfare if the project were not built and no alternative public action were taken. The benefits from alternative public actions, such as a change in international trade policy to permit larger imports of farm products or public production of fertilizers, might be more or less than those derived from developing the irrigation project. The differences would be measures of their comparative desirability. The benefits from each alternative public action, however, are the increased welfare from it as compared with no action at all.

Indirect benefits may be divided into two classes: (I) Benefits accruing to the nation as a whole which are distributed very widely and relatively evenly to a large proportion of the population; and (II) Benefits accruing to certain individuals or groups of individuals, such as the handlers of the commodities produced, the owners of property near the project,

and the suppliers of goods and services to farmers on the project. These two classes will be called *national* benefits and *local* benefits.

I. National Benefits

More efficient, or lower-cost, production is sometimes cited as a benefit from irrigation development. For practically all remaining potential irrigation development, however, the cost of the irrigation water will be greater than the farmers using the water can afford, at prospective prices and production costs of farm products. Part of the cost allocable to irrigation, therefore, will have to be paid otherwise—by private nonfarmer beneficiaries or by public subsidy. But the farmer doubtless will be expected to pay an amount for water that will leave him as profit only the prevailing net return in farming; consequently, any increased efficiency in production will thus be absorbed by the cost of irrigation water. The cost of production on such irrigation developments will therefore be established at approximately the prevailing level, not at a lower level.

Development of an irrigation project increases the acreage of farming land and presumably of land with greater producing capacity than some other land now being farmed. An increase in supply of farm products would result but, unless there also were an increase in demand, the increase in production would be only temporary. The increased supply would cause a temporary decrease in the price of farm products, which in turn would cause less

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intensive production in other areas, or abandonment of production on marginal farms, until the supply was reduced practically to the levels existing before the project was built.

These relationships are illustrated in Figure I. Curves S and D represent the existing supply and demand; OX, production; OY, price; and XX_1 , the increase in production that can be obtained on the project at the existing price, OY. Development of the project would shift the supply curve to the right, to the position S_1 . But without a shift in the demand curve, supply and demand would be in equilibrium only at the intersection of curves S_1 and D. After development of the project, therefore, production would tend to become OX_2 and price, OY_1 . Any permanent increase in production over the existing production OX, indicated by XX_2 , probably would be very small because of the relative inelasticity of demand for farm products.

Without increased demand, then, the permanent effects of developing the project would be chiefly the replacement of production from land already available by production on the project at a somewhat lower price level. The lower level of prices for farm products would mean lower cost of living for the nation but it would be at the expense of depressed farm profits. The disturbing effect of the latter on the entire national economy might more than offset the benefit from the former. Not only would marginal farmers be forced out of business but the depressed farm prices would tend to decrease their profits and purchasing power.

The amount of payments for the provision of water on the project presumably would have been determined on a basis of the price level prevailing before the project was developed. When the price level

fell, marginal farms on the project as well as on other land either would be forced to abandon production or would fail to meet some part of their costs, which no doubt would be their water payments.

There could be a national benefit from the prevention of loss of a natural resource that would have resulted from erosion and depletion of the marginal farms replaced by the project. To realize this, development of the project should be coordinated with a program for retirement of marginal land. The new agricultural areas thus established would be on a sounder and more stable basis than the marginal areas replaced.

We have been considering the effects of irrigation development without increased demand to absorb the additional products. Probably, however, we shall have increasing demand for a long time to come. This will arise from various causes, such as increase in population, certain changes in dietary habits, increased private purchasing power, increased industrial use of farm products, and increased government food purchases or subsidies in the interest of public welfare. It is doubtful that these factors will be offset in more than a small part by factors tending to decrease total demand, such as continued substitution of tractors for horses, dietary shifts that require less production, or the retardation of population growth.

With increasing demand for farm products, the needed additional supply could be obtained from existing farm land by higher prices for farm products which would result in cultivation of additional marginal lands and more intensive production on cultivated lands. This would raise the cost of living for the entire nation. Developing an irrigation project, however, by increasing the acreage of farm land might make possible the needed

increase in supply at the existing level of farm prices. Prevention of the increase in cost of living would be a national benefit and would justify a public subsidy up to the amount of the increase in cost of living thus prevented. Farmers in general would not be injured by the project, except in the sense that they would not receive increased earnings and property values that they would have received if the project had not been built. The effects of the project would differ in that marginal farmers would not be put out of business and farmers in general would not lose equity in their farms, nor have increased difficulty in paying off mortgages, because of decreased profits.

With a lower cost of food, consumers would have slightly more purchasing power for other goods and services and this would give increased volume of business and increased profits to the suppliers of such goods and services.

These relationships also are illustrated in Figure I. The increased demand is represented by the curve D_1 . Without development of the project, production and price would be determined by the intersection of D_1 and S , and would be OX_3 and OY_2 , respectively. With increased production from the project sufficient to meet the increased demand at the existing price level, the supply curve would shift to S_1 and the production OX_1 would be forthcoming at the existing price level OY . Because of inelasticity of demand, the increase in production, X_3X_1 , over the production which would have taken place without the project, OX_3 , probably would be negligible.

The increased total supply of farm products, the increased volume of business of the handlers and processors of farm products, and the increased volume of business of supplying goods and serv-

ices to the farmers on the project are frequently cited as national benefits. But (as indicated above) unless there were an increased demand, there would be no material permanent increase in volume of total national production. If there were an increased demand, the increased production would be obtained from available land at a higher price level without de-

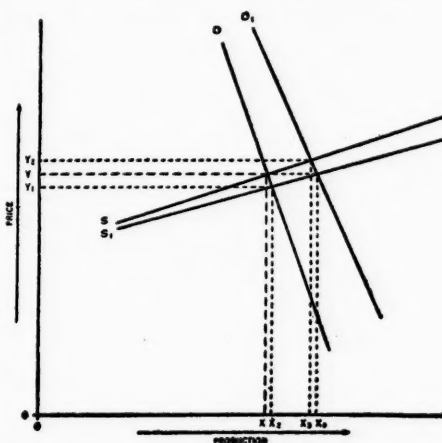


Figure I. Supply and Demand Relationships for Farm Products Resulting From New Irrigation Project Development

velopment of the project. (Taking the country as a whole, the increase in supply of farm products and the increase in profits of collateral businesses would most likely take place whether the project were built or not. They therefore are not benefits from the project from the standpoint of the nation as a whole.) Whether the project is built or not does make considerable difference as to where and how the increased volume of business occurs. This gives rise to local benefits—as will be shown later.

In addition to resource conservation and cheaper food supply, at least three less tangible national benefits can be cited.

These will be designated (1) increased national resources, (2) increased stability, and (3) opportunity for establishing a more desirable social and economic organization.

(1.) *Increased National Resources.* Other things being equal, there is a national advantage in having ample resources to meet national needs. The present war is an object lesson in that respect. Development of irrigation increases the national supply of land suitable for intensive cultivation. Irrigated land is generally more suitable than non-irrigated land for production of certain foods of which increased amounts are needed from a dietary standpoint, such as fruits, vegetables and dairy products.

(2.) *Increased Stability.* Irrigated agriculture is less subject to the hazards of crop failure from drouth than is non-irrigated. Increasing the amount of irrigation therefore decreases the amount of crop failure and its consequent disruption of the national economy.

(3.) *Opportunity for Establishing a More Desirable Social and Economic Organization.* Development of a new irrigation project necessitates the establishment of a new social and economic organization in the area and offers an opportunity to establish a more desirable pattern than that existing in many present farming areas with respect to such things as control of land, size of farms, and public services. Public financing provides a means of exerting the necessary controls to obtain a more desirable organization. Increasing welfare by such improvements in our social and economic organization is recognized as a justifiable government activity.

II. Local Benefits

As explained above, benefits from the increased volume of business of handling and processing the products of an irrigation project—or of supplying goods and services to the farmers on the project—are not national benefits because the increased volume of business would have materialized whether the project were developed or not. But local benefits arise, if the project is developed, because the increased business is concentrated in the vicinity of the project instead of in some other area or areas.

Benefits from the increased volume of collateral businesses are manifested in two ways: increased profits and increased property values. Increased profits accrue to those businesses already in the area which receive an increase in volume of business, and hence in income, without a proportionate increase in costs. For instance, a railroad already serving the area might receive an increase in volume of business that could be handled with no increase in its existing facilities or overhead costs and with little increase in operating costs. Other existing businesses might receive no benefit of this kind or might even be affected adversely. For example, if there were only one drug store in the area and the project caused a 50 per cent increase in business, it doubtless would benefit; but if the increased business induced the establishment of another drug store that attracted one-half of the available business, the original store would have less business and profits than before the development of the project.

The increased profits of certain businesses would be reflected to a large extent in increased value of their property. Potential purchasers of these businesses

would pay more for them because of the larger profits. But a purchaser of the business at the increased value would have no benefit whatever from the project if the price that he paid for the business fully offset the increased profits.

Even in the cases in which new firms or increased competition absorbed all of the increase in volume of business and profits there would be increased value of property. The new firms would increase the demand for business sites, which would cause an increase in their value, and the people engaged in the new businesses would require homes and bid up the value of residential property.

It appears, then, that a measure of at least a large part of the indirect benefit from irrigation development that arises locally from increased volume of business may be increment in property value. Increased profits that result would be largely reflected in increased value of the site or in the franchise of the business. Even if there were no increased entrepreneurial or labor returns over those received if the project were not built, the additional land used for business and residential purposes would increase in value.

There will be considerable variation in the amount of increment in value that will accrue to different parcels of nonfarm property. Some may have no increase or may actually decrease in value because of increased competition brought into the area by the project. In the immediate area of the project most of the nonfarm property would receive some increment in value and a tax on all nonfarm property for payment toward the cost of the project might be reasonably equitable. With increasing distance from the project, however, a decreasing proportion of property would be affected because there would be fewer and fewer businesses handling the

products of the project or supplying goods and services to people in the area, and more and more enterprises obtaining their entire business from other sources.

There may also be certain intangible local benefits. The establishment of a more desirable social and economic organization—mentioned as a national benefit—and the decreased hazard of crop failure might benefit local people proportionately more than the nation. Some esthetic value might be attached to the greener countryside—the trees, shrubs and flowers made possible by irrigation.

Quantitative Estimation of Indirect Benefits

It is possible to make reasonably satisfactory estimates of the increase in net farm income and the increase in farm land value that would result from development of an irrigation project by the use of the method of budget analysis of anticipated types of farms. Because of the great variation in the collateral businesses that would be affected, and the almost infinite variety of ways in which they would be affected, it is not feasible to make similar estimates for them. Increase in nonfarm property values might be estimated, however, on the basis of the relationship between farm and nonfarm property values in the area or in similar areas.

To illustrate, suppose it were determined that the value of nonfarm land in the area after development is likely to be 30 per cent of the value of farm land (basing this on the ratios found in other irrigated areas). If it were then estimated that the increment in value of farm land would be \$1,000,000, the increase in value of nonfarm real estate would be estimated at \$300,000. This would not, however, cover certain increases in value, such as

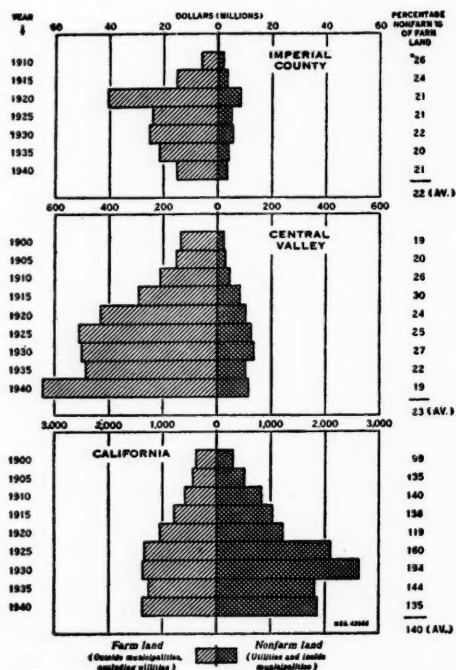


Figure II. Assessed Value of Real Estate

the increased "good will" value of a mercantile business or the increased value of a doctor's practice.

If such a method of estimation is to be used, the question arises as to whether the value of all real property, including improvements, should be used, or only that of land value. In some cases—for example, a hotel or a power plant—the value of the improvement might increase. To a large extent, however, the cost of replacement of improvements would limit their increase in value. Hence, it appears preferable to base the estimate of benefit on increment in land value according to available data.

For use in current studies of the Central Valley Project in California an analysis has been made of statistics on assessed

values as they relate to farm and nonfarm benefits from irrigation. The closest approximation of comparative farm and nonfarm land values over a period of years are statistics on the assessed value of real estate outside of municipalities, excluding utilities, as compared with assessed value of all real estate owned by utilities and real estate inside municipalities. These statistics are available by counties in reports of the California State Board of Equalization. For years prior to 1935 utility property is not broken down to show real estate apart from other property. In this analysis it was calculated by multiplying the total value of utility property by the percentage of the total value of property of utilities that was real estate in 1935.

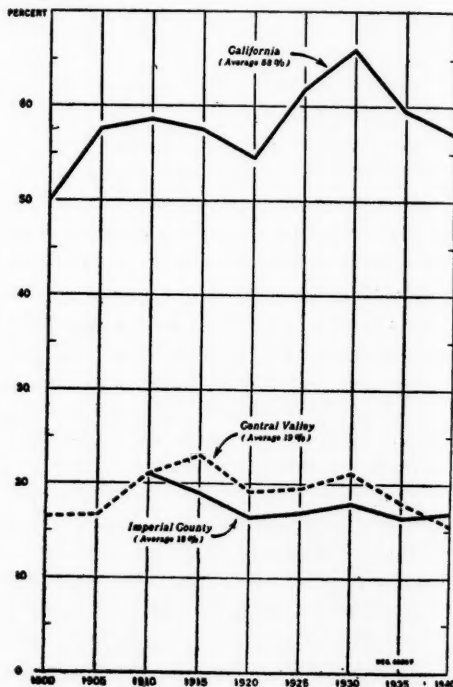


Figure III. Percentage of Total Assessed Value of Real Estate that was Utility Operating Property or Inside Municipalities

Using these statistics, which admittedly are very crude for the purpose, there nevertheless appears to have been a rather surprisingly uniform relationship in the Central Valley between the total value of a farm and nonfarm real estate over a period of years (Figures II and III). In quinquennial years from 1900 to 1940, although the total assessed value of farm property varied from less than \$200,000,000 to over \$600,000,000, the assessed value of nonfarm property varied in proportion between 19 and 30 per cent, averaging 23 per cent. Furthermore, in Imperial County, which has an economy based almost entirely on irrigation farming, the average proportion of nonfarm to farm real estate was surprisingly similar. It averaged 22 per cent for the corresponding quinquennial years since formation of the county in 1908 and varied only between 20 and 26 per cent.

Allowance must be made for a certain amount of real estate in unincorporated towns outside municipalities that cannot be separated from the farm real estate. Taking this factor into consideration, it seems reasonable to conclude that in the Central Valley: (a) with increase in value of farm real estate there has been an increase of at least 25 per cent in value of nonfarm real estate; (b) this increase in value of nonfarm real estate would not have occurred without the increase in farm value; and (c) with future increases in value of farm land at least a 25 per cent increase in value will accrue to the owners of nonfarm real estate. Since this increment in value will accrue to some ex-

tent to most of the nonfarm real estate in the entire Central Valley, it might provide a reasonably equitable basis for payments toward the cost of the project.

The amount of indirect benefits thus estimated is only a part of the total, as has been shown above. In addition there will be (1) increased profits to certain interests in the project area which are not reflected in increased land values; (2) increased profits to certain interests outside the project area; (3) lower living costs to consumers generally; and (4) certain intangible benefits to both local business and the general public, such as increased national resources, increased stability of income and improved living conditions. There appears to be no practicable way to make a satisfactory quantitative estimate of the value of these benefits. The increased profits will be very unevenly distributed, accruing to only a small proportion of businesses, so that the most equitable basis for payments on the cost of the project appears to be through general income or profits taxation.

Justification for the present national subsidy to irrigation development rests upon these unmeasurable, nonreimbursable, indirect benefits. This subsidy (in the form of deferred payments without interest) amounts to 50 per cent or more, depending on the discount rate used. Large as this subsidy is, it is not inconceivable that the national indirect benefits, particularly those achieved (though negatively expressed) in the forestalling of increased food costs, might readily be much greater.

Reports and Comments

Characteristics of Former and Present Farm Owners

A REVIEW of the voluminous research on land tenure indicates that scarcely any study has been made of landless farmers who once owned farms. Data from several surveys in Oklahoma, western Kansas, and southeastern Colorado in which the writer has participated show that from one-fifth to one-third of the tenants and farm laborers formerly operated their own farms. The possible effects of loss of farm ownership status upon the families involved and upon the size of the landless classes make it desirable to single out former owners for special investigation. This paper compares specified characteristics of matched groups of former owners and present owners of farms to determine some of the factors that contribute to a loss of farm ownership.

For the reason that differences were found to exist in the location and age of ex-owners and owners of farms, it was decided to pair the two groups with respect to these variables.¹ The following procedure was used to obtain the sample. All former owners of farms from a universe of 1200 open-country families interviewed in four selected counties of Oklahoma during 1937-1938 were listed by schedule number, county, and age of farmer. From a corresponding list of farm owners was drawn, by as nearly random sampling as possible, a similar number of farmers. Because it was impossible to match subjects by age group and county of residence in each instance, twenty cases were discarded. Each group, when finally determined, contained 108 cases. The group

of former owners included 99 tenants and nine laborers living on farms in the year of survey.

The characteristics of owners and ex-owners were tabulated and the results tested for statistical significance. The choice of items selected for comparison was based upon data available from the schedules obtained by personal interviews with farmers. The items used are basically important in a study of this nature.

In general, greater differences obtained between the current status of former owners and present owners than existed at the time when both groups were acquiring ownership of land (see accompanying table). The passing of time seemed to magnify differences in background, training, experience, and other environmental factors operating within the two groups.

In the year of the survey (1937), former owners who operated farms reported smaller acreages than present farm owners. Generally, ex-owners possessed less wealth, earned lower incomes, and scored lower on Sewell's socio-economic status scale for farm families than present farm owners.²

The first farm acquired by former owners contained smaller acreages on the average than those obtained by present owners. The "first farm" of present owners refers to the first tract acquired which comprises the owned portion of the present operating unit. Incidentally, less than one-third of the present owners bought additional acreage as they became older. The first farms purchased by ex-owners cost less than those bought by present owners. However, the differences in the acreage in farm and in

¹ Over twice as many former owners lived in the lowest-ranking county surveyed as lived in the county which ranked highest on such criteria as land value per acre, percentage of farm owners, per capita income, and composite level of living index. The average age of all farm owners interviewed in 1937-1938 was 51.1 years, and of all former owners, 53.6 years.

² For a description of this scale, see William H. Sewell, *The Construction and Standardization of a Scale for the Measurement of the Socio-Economic Status of Oklahoma Farm Families*, Okla. Agr. Exp. Sta. Tech. Bul. 9, Stillwater, Okla., April, 1940.

TABLE I. COMPARISON OF SPECIFIED SOCIO-ECONOMIC CHARACTERISTICS: MATCHED GROUPS OF FORMER FARM OWNERS AND PRESENT FARM OWNERS

	Former Farm Owners	Present Farm Owners
<i>Average:—</i>		
Age of farmer	53.3	52.8
No. of acres in farm operated †	175.4*	253.9
Net wealth, dollars †	813**	5,918
Family income, dollars †	1,213**	1,681
Socio-economic status score †	138.7**	155.2
No. of acres in first farm acquired	114.0	123.3
Value of first farm purchased, dollars	1,739	2,170
Ratio of debt to value, first farm purchased	64.1**	47.8
Age of farmers at acquisition of first farm, years	28.9*	32.1
Age of farmers at marriage, years	23.6	24.3
No. of children born to family	5.5*	4.7
Grade of schooling completed:		
a. Farmers under 45 years of age	7.0	7.0
b. Farmers 45 years old and over	5.0	6.5
<i>Percentage of farmers reporting:—</i>		
Birthplace in a southern state	63.0	54.2
Parents owning farms † †	82.6*	91.1
Inheritance, homestead, or Indian allotment received during earning life	39.3*	50.9
Principal farm product †		65.9
a. Wheat	47.7**	
b. Cotton	44.2**	27.3
Experience as farm tenant	62.4	63.7
Experience as cropper or laborer	27.7	26.5
Experience in nonagricultural occupations	17.8	24.5
Acquisition of first farm between 1917-1922, inclusive	29.2*	18.1

* Differences are statistically significant at the 5 per cent level.

** Differences are statistically significant at the 1 per cent level.

† Refers to the year of survey, 1937.

†† Parents of either husband, wife, or both.

the purchase price were not statistically significant. As a further handicap to the successful achievement of farm ownership, the ratio of debt to value for the first farm purchased by ex-owners greatly exceeded that of present owners. Supplementary data indicate that small equity in farm, e.g., usually less than one-fourth of the total purchase price, was the most important factor associated with loss of farms through foreclosure.

Differences in the early tenure or occupational history between the two groups under study were not large, although ex-owners acquired their first farm at an earlier average age than present owners. Approximately the same proportions of farmers in both groups reported experience as a tenant, cropper, or farm laborer prior to assuming

ownership of land. Relatively more owners than ex-owners had worked at nonagricultural occupations. This suggests that owners may have increased their financial resources from nonfarm employment.

Not only did ex-owners marry at a slightly earlier age than present owners but, even more important, they reported a significantly larger average number of children born to their families. This fact supports the belief of some sociologists that large families tend to be an economic liability rather than an asset.³

The emphasis on the amount of schooling as a correlative of success in agriculture

³ For an excellent exposition of this hypothesis, see Alva M. Myrdal, *Nation and Family* (New York: Harper and Brothers, 1941), Ch. IV.

probably has been overstated. Family background, amount of training in the vocational aspects of agriculture, and type of farming seem to provide better bases for explaining the achievement and maintenance of farm ownership status. In this study, owners 45 years old and over averaged 6.5 years of schooling as compared with 5.0 years among ex-owners of corresponding age. Among farmers under 45 years the average schooling amounted to 7.0 years in both groups. The reason for the difference between the average amount of schooling among the older farmers and the absence of it among the younger farmers may be interpreted to mean that the processes of social selection had operated over a sufficient period in the older groups to permit manifestation of differences in schooling. Then, too, it is possible that the stress upon equalized opportunities for schooling tended to minimize differences in the schooling of various tenure groups.

In a previous study by the writer it was found that larger proportions of farmers born in the South than those outside that region were likely to be non-owners of farms.⁴ Also, it was learned that landlessness to a large degree is socially inherited. In this study, 63.0 per cent of the former owners were born in one of the thirteen southern states as against 54.2 per cent of the present owners. Other data at hand show that, almost without exception, farmers in both groups were born and reared on farms. It is noteworthy that a significantly higher proportion of owners than of ex-owners stated that their parents were farm owners. The southern-born ex-owners may have been handicapped due to the fact that the unfavorable tenure conditions generally found there possibly prevent many natives from being oriented in the values of land

ownership and in the ways of maintaining that status.

In a nation where free or low-priced land has been relatively abundant until recently, the importance of property inheritance has been greatly neglected. In the past, each new generation was expected to carve out its own fortune with individual initiative and without financial assistance. This tradition may tend to disappear as the nation reaches economic maturity. Among the owners studied, 50.9 per cent received either inheritances, homesteads or Indian allotments some time during their earning life. Among ex-owners the corresponding percentage was 39.3.

Although the principal source of farm income was not recorded for the period during which former owners occupied their own land, it is assumed for the purpose of this study that farmers usually continue throughout earning life in the same type of farming to which they have become accustomed through experience and training. Therefore, a comparison of the two groups under observation with respect to the chief source of farm income in the year of survey is considered important.

Wheat was reported as the chief farm product by 65.9 per cent of the owners as contrasted with only 47.7 per cent of the ex-owners. Even in the latter group wheat was the dominant crop, but cotton was grown by a much higher percentage of ex-owners than of owners. Examination of the data for all farmers in the sampling universe reveals that farm tenancy was associated closely with cotton farming, and farm ownership with wheat or livestock farming.

Another important clue which throws some light on losses of farm equities is to be found in the period of acquisition. Nearly three out of every ten ex-owners acquired their farm during the period from 1917 to 1922, inclusive. Even after the collapse of the war-boom, farm purchases continued to be high among the farmers studied, due perhaps to the lingering attitude that land values would suffer only a temporary setback from the ending of the war. However, other available data show that over two-thirds of the farms purchased during this period and later sold were disposed of at a loss, many through foreclosure of mortgage. Of the

⁴ Cf., Robert T. McMillan, "The Relationship of Selected Social Background Factors to Farm Tenure Status," *The Southwestern Social Science Quarterly* (March, 1943), p. 325. Seven of the present owners were classed as foreign-born as compared with two former owners. Other data from this survey show that 76.0 per cent of 21 foreign-born farmers owned farms in comparison with 36.3 per cent of 1004 native-born farmers. However, the difference between percentages was not statistically significant, the critical ratio being only 1.47.

farmers who owned their land at the time of survey, less than two out of every ten came into possession of it during the years 1917-1922.

Other items which were tabulated but which do not appear in the table because of their small frequency included the "incidence of financial loss through sickness" and "extraordinary losses due to destruction of property by fires, flood, and drouth." Supplementary data taken from larger samples seem to indicate that these two items are relatively unimportant even in differentiating between owners and nonowners of farms.

Conclusions

This study of 218 owners and former owners of farms was made to determine if there are differences in specified items which may help to explain why the latter no longer own their farms. The two groups of farmers were matched for age and county of residence to eliminate differences traceable to these factors.

The findings of this research and the careful examination of individual interviews show that former owners usually were characterized by more than one of the several items which differentiated the two groups studied. In comparison with present owners, past owners reported (1) a smaller equity in their purchased farms generally, (2) a lower incidence of inheritances, homesteads, and Indian allotments received dur-

ing earning life, (3) a smaller percentage of parents who owned farms themselves, (4) a higher proportion of farms purchased during the war and post-war period from 1917 to 1922, inclusive, (5) an earlier average age at time of acquiring farm, and (6) a larger average number of persons per family. In addition, farm ownership probably was more difficult for farmers reporting cotton than for those reporting wheat as the principal source of farm income. As was pointed out earlier, low value of land per acre and low per capita income also characterized the survey county in which the highest percentage of former owners resided.

Two items which obviously were important in handicapping some former owners, but which did not reflect statistically significant differences between the two groups of farmers under observation, were number of acres in farm and the amount of purchase price. Those items studied which did not distinguish former owners from present owners were birthplace in a southern state, amount of schooling, age at marriage, and types of tenure or occupational experience before becoming an owner of a farm.

Further research is needed to determine additional items in the behavior of owners and former owners that will facilitate the predictability of tenure status achievements in agriculture.

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Yellowstone's Conception Rethought

WAS it campfire magic, a dislike for private ownership, or simply the awesomeness of great geysers and falls that prompted the creation of Yellowstone National Park? Do the momentous events of the preceding decade provide the answer?

Most campfires are memorable, but one historical American campfire was sufficiently notable that it is described hundreds of times every year at evening fires lighting the national parks from Maine to Cali-

fornia, and from Washington to North Carolina.

Its occurrence and significances have been recorded countless times in books, bulletins, newspapers and journals. It has thus become an outstanding campfire of history. From it stems the creation of Yellowstone and other national parks, the establishment of the U. S. National Park Service, and the definition and interpretation of national park ideas and ideals.

That campfire was built in the evening of September 19, 1870, beside the Firehole River in northwestern Wyoming Territory, in what is now Yellowstone National Park. Around it stood members of the General Washburn-Lieutenant Doan-N. P. Langford expedition, alone in that then great wilderness. There they reached the conclusion that the scarcely believable wonders they had recently seen merited unusual protection.

It is easy to picture the scene. That late September night was cool in the Yellowstone country. Men there enjoyed the campfire more keenly because of the contrast between its penetrating warmth and the chill of air which settled down from higher forests and peaks and cooled backs turned away from the flame. The chiefly coniferous woods of Yellowstone burned almost eagerly, were soon consumed, and cast little ascending showers of sparks as fuel was periodically added. The smoke bore a resinous odor in addition to the pungency common to all wood fires.

The faces and hands of men circled about the fire were reddened by a firelight that erased daylight differences of hue apparent between blond men and brunet, white men and red. Those who smoked added their smaller fires—the glow of pipes and cigarettes which punctuated with bright spots the general glow from the campfire or the dark of woods beyond and which blended the fragrance of tobaccos from warmer lands with those of this land of pine and spruce.

There was contentment about such a fire, a perfect relaxation after a day of hard work or travel, and yet a threat of an early winter to come. There was an awareness of trackless wilderness beyond the firelight, heightened perhaps by animal stirrings within the dark woods. Thoughts were spurred while bodies rested.

The national-park idea may have been born of this combination of comfort and the vague uneasiness which springs from man's age-old alertness in the midst of strange surroundings. It may have been sheer inspiration, as transitory as the light smoke arising from the fire, caught perhaps by accident in the mind of Cornelius Hedges (the Montana lawyer who was a member of

the party) and finding favor in the minds of others present.

Langford's *Journal*¹ (and later interpreters of it) stated that expedition members who warmed themselves by the campfire of September 19, 1870 were at first minded to acquire as personal holdings (divided among themselves) the canyon of the Yellowstone, the Falls, some of the hot springs, and the various geyser basins. There would have been fences erected and admission charged to those who came from the outside world to see the wonders of which they were soon to be told.

It is recorded that Hedges protested against private ownership of Yellowstone regions in his belief that "the whole of it ought to be set apart as a great National Park."

At other fires, on other nights of the expedition, the idea might not have caught hold as it did. Earlier, the uncertainty of days to come might have clouded its brilliance. Later, complacency over a thing accomplished might have diminished its force. For this night in particular, Langford's *Journal*—as much between the lines as in them—portrayed a realization that the park had been largely seen. The half-believed, half-feared tales of Colter's Hell, of Jim Bridger's land of fire and brimstone, had been made concrete. Whatever dangers that expedition of 1870 must have promised had been found bearable. Ahead was chiefly the return home. The national-park idea may have been born of this timeliness.

Hedge's protest has often been interpreted as an objection to private ownership of natural wonders, as a protest against fences, iron railings, and flights of steps that might have been built around or beside hot springs, canyons, geysers, and falls. Yet it is probable that entirely different thoughts lay in the minds of those who, we believe, first considered the national-park idea while seated about a campfire.

What might these thoughts have been? We can only conjecture, and should not err by interpreting past motives through concepts of our own times and desires. Is it

¹ N. P. Langford, *Diary of the Washburn Expedition to the Yellowstone and Firehole Rivers in the Year 1870* (Published by the author, 1905), pp. 122.

likely that these men thought only of the campfire or of their immediate environment? Is it not more likely that the background for their thoughts was the thundering events of the preceding decade, the rapid development of American civilization within their own time, and the promise of events to come?

In 1870 private ownership was considered a more logical, more desirable thing than it is today. Little wrong was seen in it or in charging admission to see unusual things which private ownership happened to control. Nor were many then conscious of land destruction through erosion, overgrazing, or excessive timber-cropping. In the East, Niagara and other falls, many glens and dells, and most caverns had felt the impact of public use and often of private control for gain—and without destruction of the chief dimensions of the attractions.

Under private ownership the Canyon of the Yellowstone would have been no less deep nor the Yellowstone Falls less high. Old Faithful would surely have erupted with equal regularity and would have driven as much hot water to the same great heights that have made that geyser famous. It is unlikely that private ownership would have resulted in many more railings or stairs than are now necessary. Such things cost money; and private treasuries are more limited than public ones. It may have been that admission fees charged by individuals with the energy and foresight to acquire ownership of Yellowstone attractions would not have exceeded fees now charged by the nation. Gaudy outdoor advertising had not then reached the shameful complexities which now plague us, and could have caused no concern.

The key to what must have lain in the minds of those who on that night planned the future of Yellowstone must have been in Cornelius Hedge's words: "The whole of it ought to be set aside." The *whole* of it was more important than individual falls, geysers, or hot springs. The unspoiled wilderness of it, the spatial relationship of one attraction to another, the forests that screened each new part from the last completed the whole. A great wild land in which men could still pioneer, still revel in vastness as they plodded from one un-

claimed marvel to another—an almost unbelievable land in which Americans could somehow preserve the essence of long-held freedoms. For in the backs of their minds must have been other thoughts which presaged the destruction of a quality that they had found worth preserving in the unspoiled lands and waters about them.

Just the year before, to the south of them, the Union Pacific had been completed in Utah, joining the Union with the Pacific. Already, covered wagons upon the Oregon Trail in central Wyoming were diminishing in numbers as west-bound pioneers went by rail. Old Fort Laramie on the Oregon Trail began losing importance to Fort D. A. Russell on the railway at Cheyenne. The telegraph followed the railway and, with its instantaneous messages added to the swift, sure transportation of people by railroad, made the wild expanses of the West much less fearsome—much nearer home in the East. Still other transcontinental railways were being planned.

The Civil War, begun and ended less than a decade before, had been fought largely with muzzle-loading rifles, slower to recharge and less positive in firing than the breechloading, powerful single-shot rifles and rapid-firing repeaters which were already replacing them. The army had in 1866 adopted for its use a breechloading rifle firing a self-exploding metallic cartridge, and in the same year the Winchester Repeating Arms Company had marketed the first of a long line of repeating rifles. Such arms rendered all wild animals less dangerous, if not impotent. Indians were less of a match for white invaders of their lands. Bison were even then being decimated with a swiftness the muzzle-loader could never have accomplished.

Eight years prior to this historical campfire, in the midst of a Civil War which shook the foundations of society, the leaders of the nation had gathered courage to build for the future. The Homestead Act, granting free homesteads to bona fide settlers, and the act creating land grant colleges to teach agricultural science were passed that year and portended the ultimate settlement of every good or useful acre.

Many of the young men of the nation, released from its armies and with home ties

already broken, surged into whatever new lands promised adventure or wealth.

Thus the preceding decade was characterized by ever swifter transportation, increasing rail service and telegraphic connections, a policy of free lands for the land-hungry, settlers from the old and new worlds filling all parts of the West, adequate new arms sweeping away savage tribesmen and great beasts.

Civilization had already flowed past and around the Yellowstone highlands just as an incoming tide flows past and then surrounds a high rock before completing its engulfment. Here the explorers of 1870 had been privileged to traverse a last great wilderness made more wonderful by unusual phenomena. After them would come others to view the same attractions and to revel in the exploration of an unmarked, unsettled land. Of the two, the phenomenon of exploration

could be more easily destroyed by private holdings or ill-considered improvements than could the dimensions of natural attractions.

These things must have been in the backs of their minds as members of the Washburn-Doan-Langford expedition resolved to set aside the *whole* wilderness of the Yellowstone, not merely as an assemblage of remarkable natural units to be individually measured and compared but as an eternal wilderness if we will but keep it so. Although rarely recognized as such, this must have been the first of many early gropings towards wilderness preservation.

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Incremental Cost Pricing: A Comment

IN his recent articles on "Incremental Cost Determination of Utility Prices"¹ Professor Troxel comes to the conclusion that it "is unworkable as a means of price control of privately owned utility companies." He regards this, however, as a "social misfortune" which in many respects "becomes another argument for public ownership of public utility plants."² In the section dealing with the application of incremental cost to public ownership he concludes that it "affords a better social concept of pricing than the objective of liquidating public investments." He feels, nonetheless, that "it is not yet an accepted pricing policy" and that it is a difficult administrative task to equate prices to incremental costs.³

Reduced to its barest essentials the theory advances the proposition that in industries of decreasing costs, or where there is ex-

cess capacity, pricing policies should aim at securing revenues which will cover only variable costs in order to maximize the utilization of resources. That is, fixed costs are excluded from the burden to be borne by the purchasers of service.

First of all, it must be recognized that if excess capacity exists, such that no price policy can secure revenues sufficient to cover all costs, then the volume of output will be the amount necessary to equate either marginal cost and marginal revenue or marginal cost and demand price. The first would be the standard for private ownership. The second might be used for public ownership, but whether this would be good social policy or not depends upon the conclusions reached as to the validity of the general proposition that public utility prices should be determined by incremental cost.

Apart from the (perhaps) somewhat exceptional situation just mentioned, two other questions arise when public ownership is being considered. The first of these relates to the basis of the decision upon which the public investment is to be made. What is to be the measure of the amount of the invest-

¹ Emery Troxel, "Incremental Cost Determination of Utility Prices," *Journal of Land & Public Utility Economics*, November, 1942, pp. 458-467; February, 1943, pp. 28-39; August, 1943, pp. 292-299.

² *Ibid.*, November, 1942, p. 39.

³ *Ibid.*, August, 1943, p. 299.

ment? There are three possibilities. The decision may be made on political or on social grounds which are not readily amenable to economic tests. It may be made on the same basis as a private investor would use, that is, on the prospect of self-liquidation. Or thirdly, it may be made on estimates of general economic welfare in which case the funds to be invested would be determined by estimating the size of the plant the operation of which would equate incremental cost and price.

Professor Troxel does not discuss the issues which arise in connection with the making of the investment decision. Instead, he starts with the installed plant as datum.⁴ The omission is not significant if the third basis upon which to calculate public investment, mentioned above, is used. Viewed in this light, the issue at stake is whether publicly owned plants should be operated on a different basis from privately owned because of considerations of general economic welfare. To put it more broadly, the question is: Should all capital investments in public utilities be publicly owned in order to increase total economic welfare?

The incremental cost theory advances the proposition that the gain to the consumers of the services resulting from the fuller use of the resources offsets the loss to those who make up the difference between the total revenue received and the total costs incurred. The loss in the case of public ownership would have to be borne by taxes.⁵

⁴ *Ibid.*, p. 292.

⁵ Harold Hotelling, in "The General Welfare in Relation to Problems of Taxation and of Railway and Utility Rates," *Econometrica*, July, 1938, pp. 242-269, states that "a railway rate is of essentially the same nature as a tax. Authorized and enforced by the government, it shares with taxes a considerable degree of arbitrariness." He does not show why railway rates any more than other prices are like taxes. All prices possess an element of arbitrariness where any degree of monopoly exists but a person has a means of escape not possible with taxes. Alternative possibilities because of the extensive nature of competition in modern transport provide consumers with a considerable range of choice. The statement that the rates are authorized and enforced by the government creates the impression that they are imposed with little regard to benefits received. Actually, rate regulation takes into account a wide variety of forces, competitive and otherwise, and is

The coverage of the loss by taxes rests on the contention that the sacrifice of the taxpayers is offset by the gain to the consumers. This not only assumes that the loss of satisfactions of one person or group of persons and the gain of satisfactions to others are commensurable items but also that taxes can be imposed in such a way as to avoid offsetting the very gains that incremental cost-pricing is designed to secure. This merely pushes the problem back a step to that of devising a tax structure that will give the desired results. Until taxation becomes more precise in terms of welfare there is little prospect of solving this problem. Taxation today has become largely a matter of "plucking the goose that squawks the least," and there is not much evidence that the volume of the squawk bears any relation to the amount of satisfaction lost through the taxes paid.

The equating of gains to consumers against the losses of those called upon to bear the fixed costs would not present any problem if the consumers and taxpayers were identical and if their incomes were the same or inequalities a matter of indifference. Nor would there be any problem if one held to a theory of the state based upon the idea that the whole is equal to the sum of its parts. This is the essence of "statism" and its counterpart, autarchic economics. If this is the objective, the standards for the utilization of resources are quite different from those necessary for a private enterprise economy. The implication of incremental-cost pricing is that a socialist economy is more capable of maximizing welfare than is a private one.

Where the economy is predominantly that of private enterprise and the individual rather than the state is the focus of attention the incidence of the benefits of incremental-cost pricing requires consideration. The gains to be maximized include not only consumers' satisfaction but also producers' gains which might be used to enhance profits of particular groups at the expense of others—and even gains to foreigners who

imposed primarily to prevent the abuse of monopolistic powers. Admittedly, transportation policies are important in shaping the pattern of industrial geography, but this does not warrant pushing the analogy to the extreme.

would not contribute by way of taxation for the benefits they received. Presumably, tariff policies based on the same theoretical principles as incremental-cost pricing would have to be adopted. This does not fit well in a world looking towards freer trade and less nationalistic economies after the present war. In short, pricing based on incremental cost is based upon the assumption of a closed economy, which in the present world means economic nationalism.

Moreover, the question of what public agency is to be the owner must be considered. In a nation like the United States where the federal form of government prevails, this consideration cannot be dismissed as inconsequential or irrelevant. State ownership, for example, as contrasted with national ownership would present the question of whose satisfactions were being maximized and at whose expense. If the satisfactory implementation of the policy requires the complete nationalization of capital investments, the impact of such a change on our entire social structure should be examined before positive advocacy is forthcoming. The theoretical analysis of general welfare too readily glosses over the complexities presented by institutional patterns that are not easily cast on one side.

The theory of pricing based on incremental cost has had the distinct advantage of bringing to the fore implications of price policies that have been neglected too long.

When the theory is advanced, however, as the basis for public policy it needs to be viewed in terms of the pattern of civilization we wish to develop, and not on the narrower grounds of economic productivity. Until our general social ideals are radically changed it will take more than abstract economic analysis to prove that it would be sound public policy to absorb fixed costs through the public treasury. In an institutional pattern characterized by private enterprise it would seem to be more in keeping with social ideals for publicly owned utilities to conform to substantially the same standards as those necessary for privately owned ones. Perhaps public policy makers, in adhering to the objective of liquidation of public investments, have not been so completely misguided after all.

I cannot tell from his presentation what position Professor Troxel would take on the question of nationalization vs. private ownership. He does not discuss this issue in his treatment. The foregoing comments do not imply any criticism of his stand on that score. They are designed rather to present some of the implications of incremental-cost pricing in the broader setting of general economic policy.

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Incremental Cost Pricing: A Further Comment

MOST of Professor Pegrum's discussion of incremental cost as a means of utility-price control is an extension of my discussion of the proposal. Commencing with comments on control of public investments, he ends with consideration of the relation of incremental-cost pricing and the institutional environment in which policy-making takes place. In the last paragraph of his note he says: "When the theory is advanced, however, as the basis for public policy it needs to be viewed in terms of the pattern of civilization we wish to develop, and not on the narrower grounds of eco-

nomic productivity." I agree. Indeed, I believe Professor Pegrum and I are in agreement on the essentials of public policy with respect to incremental cost as a means of price control. There doubtless are differences between us on such details as the decreasing of utility industries, the actual character of public-investment policy (which he does not describe), or even his tie-up of the incremental-cost proposal with economic nationalism. But these differences, in the light of our apparent agreement on basic points, do not warrant a "reply." Yet I, too, want to extend the discussion. There is

something to be said about the incompatibility of economic reasoning and public policy-making, an incompatibility that prevents public acceptance of economic propositions such as equation of incremental costs and demand prices.

For a century and a half the conventional nature of general economic reasoning has assured a breach between economists and legislators or public administrators. The essence of the conflict—which usually does not come to open warfare because each group keeps on its own side of the fence—seems to be the non-moral, scientific character of the traditional economic thinking. Ever since David Ricardo brought the decisive manner of a successful stock-trading experience to economic reasoning, economists have favored mechanistic procedures and precise, determinate conclusions. Following this orthodoxy, economists have been likely to consider a broad, somewhat flexible analysis to be a sign of sloppy thinking. But an inflexible methodology, made so by assuming what is needed to give inflexibility and rigid conclusions—there was an economics that could not be easily tinkered with! Relying on their narrow scientism, they neglected much of the economic life for which determinate explanations could not be devised. For instance, the indeterminate pricing situations between the determinate extremes of perfect or pure competition and monopoly have received little attention, though economists have forced some of these pricing situations into all sorts of determinate shapes as in the case of oligopoly, duopoly, and monopolistic-competition conditions. For the discussion here the important fact is not what they did, but how they did it. Their precise, unemotional manner has been the rub in matters of public policy.

The legislator or public administrator knows that the social life around him is not quite logical, never quite definable. Government activity, at least government activity in America, cannot be reduced to fixed procedures and be called a science, even if college courses about it are sometimes called "political science." The common man must be considered in policy-making. He never quite trusts experts, the kind of men who can construct complicated ways—such as

the incremental-cost proposal—for the control of prices. A common man's derision for book larnin' is sincere, even if those who have learned through words instead of "hard knocks" often consider the derision a rationalization. Since political success of lawmakers and public administrators depends to some extent on common-man connections or a common-man personality, some caution is bound to be exercised in the acceptance of economic abstractions and precisely organized statements.

Likewise, the public authorities cannot always accept dispassionate reasoning when they want to stay alive politically. Distinction between right and wrong is the way political careers are made, though the distinction is sometimes a matter of chance. For instance, a state-utility commissioner, for whom no expert qualifications are commonly specified, wants to do a "reasonably" good job; and he apparently approves a "reasonable" return on a "reasonable" property value as long as he is allowed to do the reasonably good job of regulation. And he would rather trust his common sense than put his faith in some exalted, mechanistic plan of control. At any rate, he will use an established way of regulation until there is a convincing demonstration of the political need for a revision. Likewise, the administrator of a publicly-owned system will stand by the conventional ways of pricing services until a new set of political values dictates a change.

The proposal of incremental-cost pricing, a product of economists' thinking instead of the experience of public-utility regulators, is certain to be considered a complicated and unrealistic plan of control. This proposal lacks a factual demonstration of its workability and effects. It is an idea. But public authorities, whether they regulate private companies or administer public projects, are too matter-of-fact in their conduct to be carried away by ideas. Furthermore, the proposal is a good deal more than an adaptation of present modes of earnings and price control. To the public officials it is a strange proposal, based on peculiar reasoning and expressed in an unfamiliar language. Since these men are rarely interested in what they consider odd thinking, nothing short of an upheaval in utility industries can

drive them to study and to consider adoption of the idea.

The notion is at odds, too, with the individualism of our capitalistic economy and democratic government. An equation of the demand prices of buyers to the incremental cost of sellers does not fit well into the freedom of private-utility firms to make their own investment decisions. As I tried to show in the second of the three articles, incremental-cost pricing can remedy an over-investment condition; but also it can create an under-investment condition and it even could lead to a deterioration of service standards. Likewise, it obviously is not compatible with the conventional standard, adopted from private business, of self-liquidating public investments. Unlike Professor Pegrum, I do not think a democratic government would err institutionally by seeking the social effects of incremental-cost control of prices; but his point about the taxation effect of such a pricing pattern certainly would have to receive attention. Still, as matters stand now, Congress is unlikely to accept the objective of full use of electric-plant capacity of the multiple-purpose projects. When the federal government undertook the construction of many electricity-producing projects, it made a great extension of a democratic government's activity. Faced with much criticism of their projects, the New Dealers apparently did not dare to set up thoroughly social patterns of pricing too.

If they ever try to use it, public authorities will have another difficulty: a workable definition of incremental cost. Economists commonly define the incremental cost of the x th unit of output as the difference in the total costs of producing x and $x-1$ units. Little else, in fact, is ever said about the meaning of incremental costs. But, while the economists' definition may suffice for general discussion of the idea, it is not satisfactory for actual administration of the proposal. Neither a private nor a public electric enterprise will measure the incremental costs for each kilowatt-hour change in output.

Several adaptations of the economic definition are necessary. One of these is measurement of incremental cost for groups of output units. Perhaps the notion of "incre-

ment" cost, as it is used in the electric and gas industries, is a suitable choice. Still, increment cost is a variable magnitude, for output units may be grouped in a large number of ways. Another adaptation is concerned with the time shape of the cost measurements. The conventional long-period-short-period dichotomy of economists seems inadequate, though this distinction is the *kind* of distinction to be made. A number of time shapes are conceivable. Here is just one possible choice: Increment cost might or might not take account of the "fixed" costs, according to whether the increment in output will necessitate current investments or future replacements and maintenance of plant. In the case of an off-peak increment in output there may be no contemplated plant replacements; and the increment cost is small. But for regular kinds of output there are either immediate investments or contemplated replacements of plant; and the cost increments include what are commonly called fixed costs. There are further elements and complications of this solution which cannot be discussed here. It is sufficient to say that, unless the measurement of increment cost can be scaled down to a workable procedure, there is not even the slightest chance for adoption of the proposal. And in any case the administrator is certain to find the idea a less precise form of price control than an economist's discussion of it.

The relation of public investments to the equation of incremental costs and demand prices was omitted from my discussion because public authorities are not likely to be interested in the relationship. (I might have omitted the whole discussion for the same reason.) Some suggestions have been made, I know, for controlling new public investments as well as the use of existing plant by means of incremental costs. Professor Lerner has made such a suggestion for a socialistic system.¹ He proposed an equation of long-period marginal cost, short-period marginal cost, and demand. Yet in its conceptual, brief form this suggestion is not, I think, a workable kind of price control—not even for a socialistic system. The

¹ A. P. Lerner, "Statics and Dynamics in Socialistic Economics," *Economic Journal*, vol. 47, pp. 253, 261.

socialist administrator, like an administrator in a democracy, wants usable definitions of the two kinds of marginal costs. What are the long-period and the short-period marginal costs for this, that, and other amounts of output? Are short-period and long-period marginal costs separate sums, or are they related to each other? Are the present or the future demand prices used in the equations? Even if answers could be given for these and other questions, it would be a lucky socialist administrator who could achieve the rare equation of both long-period and short-period marginal cost to the same demand price.

Since they are guided by the feelings of the populace quite as much as (or more than) they are influenced by objective thinking, American congressmen and presidents do not seem to have a fixed pattern of public investment. During the Great Depression the feelings of the majority of the voters condoned large public investments in multiple-purpose projects. These voters did not know anything about the multiplier; but they could see employment in public-works projects. And dramatic descriptions of suffering flood "refugees" or drought-stricken farmers did move Congress to make heavy public investments. Indeed, the past record of public investments indicates that the easiest way to get a federal-power project is to make out a pressing case for flood control, irrigation improvements, or even river-navigation improvements. So, it appears

that Congressmen will never allow the fancy, objective idea of incremental-cost pricing to interfere with the opportunistic, emotional, and persuasive factors in public-investment decisions.

An acceptance, then, of the incremental-cost plan of price control is unlikely for either private or public systems. But who is stiff-necked and stuffy in this case—the public authorities who reject the proposal or the economists who present it? The authorities may disclaim ignorance and smugness, showing how their rejection of the idea conforms to institutional conditions and political morality; and the economists can argue their virtues equally well, demonstrating the social benefit (apart from the tax-incidence question) of the non-business method of price control. But if consensus determines the social values, then the economists are wrong. That is the way judgment is being passed on OPA economists. As an economist I do not agree, of course, with the business-experience limitation which congress imposes on OPA employees. Still, I must admit that Congress and a substantial part of the populace do feel that the economists—the "experts"—cannot be fully trusted to make important price-fixing decisions.

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Recent Utilities Activities

Hope Natural Gas Company Decision

A plate is no longer placed on the legal dining table for the "fair value" rule of *Smyth v. Ames*. While the Supreme Court may not have bodily ejected that forty-five-year-old concept from the judicial boarding house, no recognition will be given it as an essential member of the regulatory household. In *Federal Power Commission v. Hope Natural Gas Company*,¹ decided on January 3, 1944, the United States Supreme

Court again gave utterance to the principle laid down in the Natural Gas Pipeline case in 1942.² In both cases the Court has held that it would require no adherence by a regulatory commission to any formula in reaching conclusions set forth in the rate order.

In 1938 the cities of Cleveland and Akron, Ohio, complained to the Federal Power

² See Martin Glaeser, "The United States Supreme Court Redeems Itself," *Journal of Land & Public Utility Economics*, May, 1942, pp. 146-154; 315 U.S. 575.

¹ 12 Law Week 4081; — U.S. —, 1-3-44.

Commission that the East Ohio Gas Company, serving those two cities, paid unreasonable rates for the gas it purchased from the Hope Natural Gas Company located in West Virginia. Later in 1938 the F.P.C. began a rate investigation. On May 26, 1942 the F.P.C. ordered Hope to reduce rates by \$3,609,000.

In arriving at its conclusions the F.P.C. used only "actual legitimate costs" by taking book cost and deducting accrued depreciation and depletion. The rate base was set at \$33,712,000. Although Hope claimed a reproduction cost (less depreciation) rate base of \$66,000,000, F.P.C. refused to put any reliance upon reproduction cost. F.P.C. allowed a return of 6½%, which reduced annual earnings from \$5,801,000 to \$2,191,000.

The Circuit Court of Appeals reversed the Commission because it did not reflect "present fair value" in the rate base, and did not figure depreciation on such a base.

The United States Supreme Court reversed the lower court stating that value is the end product of the rate-making process and not the starting point. Rates, they said, "cannot be made to depend upon 'fair value' when the value of the going enterprise depends on earnings under whatever rates may be anticipated." This view indicates a better grasp of economic principles than some earlier court decisions have reflected.

In regard to what would meet the requirement of the Court they said that Congress had not given the F.P.C. any formula to determine "just and reasonable rates." "... It is the result reached not the methods employed which is controlling. If the total effect of the rate order cannot be said to be unjust and unreasonable, judicial inquiry under the Act is at an end." The Commission's order was held not "to become suspect" by reason of the fact that it is challenged. "It is a product of expert judgment which carries a presumption of validity. And he who would upset the rate order under the Act carries the heavy burden of making a convincing showing that it is invalid. . . ."

In respect to the figuring of depreciation the Court held for the cost basis, *United Railways v. West*³ notwithstanding.

³ 280 U.S. 234 (1930).

An interesting by-product of the case was one of the claims of the state of West Virginia that if rates were reduced it would reduce the tax values in the state and impair the tax system. The Court replied by saying, in part: "If the Commission is to be compelled to let the stockholders . . . have a feast so that the producing states may receive a few crumbs from that table the present Act must be redesigned."

These recent cases since the Los Angeles decision⁴ appear to mark the beginning of a new period in regulation which will give more discretion to regulating bodies in reaching their conclusions and will eliminate some of the costly and time-consuming valuation techniques. Just how much discretion this leaves the commissions before the Court will find that the results are "unjust and unreasonable" is yet to be seen. Obviously, the Hope case is a long way from the Court's statement in *McCardle v. Indianapolis Water Company*⁵ when it said,

"... But in determining present value, consideration must be given to prices and wages prevailing at the time of the investigation; and in the light of all the circumstances, there must be an honest and intelligent forecast as to probable price and wage levels during a reasonable period in the immediate future."

Yet the Hope and Natural Gas decisions do not necessarily mean complete acceptance of original cost or prudent investment will always meet judicial requirements of "just and reasonable."

Justices Frankfurter, Reed, and Jackson dissented from the opinion written by Justice Douglas.

Status of Electrical Competition in Seattle, Washington

Seattle is one of the few cities in the United States where there is competition in rendering electrical service. The Puget Sound Power and Light Company, a privately owned corporation serving much of western Washington, and the Municipal Department of Lighting, known as "City Light," are the competitive sellers.

City Light entered the picture in 1902, when private company rates were 20c per

⁴ 289 U.S. 287 (1933).

⁵ 272 U.S. 400 (1926).

k.w.h. and when there was some criticism of the street lighting and residential service. From 1902 to 1915, rates were greatly reduced under the impact of competition and other factors. In 1911 both plants were selling power for 7c for the first 60 k.w.h., plus 4c per k.w.h. for all in excess. By 1915 a rate of $5\frac{1}{2}$ c for the first 45 k.w.h. was set by City Light and 2c for all in excess. Puget Sound immediately followed. At this time the national average was about 8c per k.w.h. Since that time, a few more rate changes have been made, and today both companies charge $3\frac{1}{2}$ c for the first 50 k.w.h., $2\frac{1}{2}$ c for the next 40 k.w.h., 2c for the next 100, and $\frac{3}{4}$ c for all over 190 k.w.h.⁶ Among cities over 100,000 in population, Seattle was 4th from the lowest in 1923 and 13th in 1936.⁷

Before World War I, private companies had most of the choice business-commercial contracts while the city had the newly developing outlying areas. Duplication of distribution facilities was not relatively great. The war gave the city a chance to invade the business district and after the war the Puget Sound Company began to duplicate the city in the newer residential areas. Before the present war got under way it was estimated that residential customers were in the ratio of 8 to 3 in favor of City Light in spite of almost complete duplication of distribution facilities.

Much of the distribution system of the two sellers is on outside poles on the streets, which unquestionably gives the city a cluttered appearance as well as a considerable duplication of investment. Neither firm is in a position to make adequate return under normal peace-time conditions. Puget Sound is in arrears \$27.50 on one preferred stock and \$65.00 on another. It is natural that some movement should be made to put an end to sharing the market. Since 1929 there has been an active movement to have City Light buy out the private interest. J. D.

⁶These rates may be compared to the retail rate structure recommended by the Bonneville Administrator to those selling Bonneville power—first 50 k.w.h. 3c, next 50 k.w.h. 2c, next 200 k.w.h. 1c, next 900 k.w.h. $\frac{1}{2}$ c, and all in excess $\frac{3}{4}$ c.

⁷F.P.C. Domestic and Residential Rates in Effect 1-1-36.

Ross, formerly Superintendent of City Light, in 1934 suggested that the City take over all of Puget Sound to avoid paying huge severance damages if only the Seattle portion were carved out. Furthermore, the depression meant a lower valuation would be placed on the competing properties.

Interestingly enough, the strongest opposition to the proposal came from those interested in the federal projects at Coulee and Bonneville, who saw the city getting a monopoly of western Washington for its own use. The proposal did not "take" and since that time the taking over of only the Seattle portions of Puget Sound has been discussed.

Over the period of the last seven years, hundreds of broadcasts and speeches have been given and advertisements, booklets, etc., have been printed through the efforts of "Friends of City Light" (a promotional organization). In November, 1943, the city council finally passed a resolution to the effect that when the Puget Sound franchise expires in 1952, the city will "expand its municipal light and power plant and system to a capacity sufficient to carry the entire electric light load within the city."

Telegraph Integration

The Federal Communications Commission has allowed the Western Union and Postal Telegraph Companies two years in which to integrate. This job is now under way. The objective, of course, is to eliminate costly duplication of service and expenditures without reducing the standard of service provided in any community. Plans at the present time call for the interconnection of offices in 90 cities, the elimination of 598 duplicating branch offices, the removal of 3,162 duplicating teletypewriters, and the consolidation of 656 duplicating offices. Western Union has 2120 offices and Postal had 1386. Upon request of the F.C.C., Western Union may be required to reestablish any service formerly furnished.

An interesting angle to consumers' first reaction to the merger was noted immediately after the merger announcement. Buyers swung heavily to using Western Union facilities, leaving Postal offices rela-

tively idle and overtaxing the former's staff and equipment.

On the economic side, it remains to be seen if the industry can now become profitable in spite of the growing competition from air mail, lower telephone rates, and

telephone company teletypewriter services.

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Public Utility Financing in the Fourth Quarter of 1943 and a Summary of the Year 1944

Part I. Fourth Quarter Financing

TOTAL public utility security offerings in the fourth quarter of 1943 amounted to \$155 millions. The total for this quarter was the largest of any period since the first quarter of 1942. The average of the offerings for the six intervening quarters was \$88 millions. There appears to be the beginning of an upward trend in the volume of public utility security offerings. This is discussed in more detail in Part II.

Long-Term Debt Financing. Table I shows the detail of the long-term debt issues sold publicly in the fourth quarter of 1943. There are seven issues totalling \$122 millions, the largest being the \$42,000,000 issue

of the Utah Power & Light Company's first mortgage 3¾'s of 1968, which were sold at 100.63% of par to yield 3.77%. The lowest offering yield in this quarter was registered by the \$15,000,000 issue of the Delaware Power and Light Company's first mortgage 3's of 1973 which were sold at 106.14% of par to yield 2.70%. The weighted average yield for all issues was 3.29%.

Underwriters' commissions averaged 1.37% and incidental expenses, .84%. These figures compare favorably with those of previous quarters of 1943. The average cost to company was 3.38%.

The long-term debt issues offered privately are shown in Table II. There were seven issues totaling \$21 millions but only

TABLE I. SUMMARY AND ANALYSIS OF PUBLIC UTILITY LONG-TERM DEBT ISSUES OFFERED PUBLICLY, FOURTH QUARTER, 1943

Company and Issue (A)	Coupon Rate (B)	Principal Amount (C)	Maturity Date (D)	Month of Offering (E)	Offering Price (F)	Offer- ing Yield (G)	Under- writers' Com- missions (H)	Pro- ceeds to Com- pany (I)	Esti- mated Incidental Expense (J)	Net Pro- ceeds (K)	Cost to Com- pany (L)
	%				%	%	%	%	%	%	%
Atlanta Gas Light Co. First Mortgage.....	3	\$ 7,500,000	1963	October	101.45	2.90	1.29	100.16	1.05a	99.11	3.06
California Electric Power Co. First Mortgage.....	3½	16,000,000	1968	October	103.50	3.29	2.25	101.25	.70	100.55	3.47
Delaware Power and Light Co. First Mortgage.....	3	15,000,000	1973	October	106.14	2.70	.86	105.28	.99a	104.29	2.79
Blackstone Valley Gas & Elec. Co. First Mortgage.....	3	11,300,000	1973	November	104.75	2.77	.93	103.82	.91	102.91	2.85
Southern Colorado Power Co. First Mortgage.....	3½	5,500,000	1968	November	102.00	3.38	1.35	100.65	1.17	99.48	3.53
Central Power & Light Co. First Mortgage.....	3½	25,000,000	1973	December	99.50	3.15	1.23	98.27	.40	97.87	3.23
Utah Power & Light Co. First Mortgage.....	3¾	42,000,000	1968	December	100.63	3.77	1.45	99.18	.59	98.59	3.84
Total or Weighted Average		\$122,300,000			101.94%	3.29%	1.37%	100.57%	.84%	99.66%	3.38%

* Estimated on basis of information obtained from the S.E.C. releases.

one issue was large enough to be significant. This was the \$18,000,000 issue of the Idaho Power Company's 3½'s of 1973, which was sold at 103.46% of par to yield 2.95%. The weighted average yield for privately offered long-term bonds in the fourth quarter of 1943 was 2.99%.

Other Utility Financing

An analysis of the preferred stock issues offered in the fourth quarter is shown in Table III. There were 5 issues totaling \$12 millions offered, 4 of which carried a \$100

date. Total offerings in 1943 were 18% below the 1942 figure and the total for the current year is the lowest on record. The table reveals that the last two quarters of 1942 and the first two quarters of 1943 represent the lowest point in volume resulting from the downward trend which began with the outbreak of the war. A small but continued increase in volume is noted beginning with the second quarter of 1943. If this trend is sustained, 1944 should equal or exceed 1942 in amount of securities marketed. Preferred stock issues disappeared entirely in the last quarter of 1942 and the first quar-

TABLE II. SUMMARY AND ANALYSIS OF PUBLIC UTILITY LONG-TERM DEBT ISSUES OFFERED PRIVATELY, FOURTH QUARTER, 1943

Company and Issue (A)	Coupon Rate (B)	Principal Amount (C)	Maturity Date (D)	Month of Offering (E)	Offering Price (F)	Offering Yield (G)
Idaho Power Co. First Mortgage	3½%	\$18,000,000	1973	November	103.46%	2.95%
West Coast Power Co. First Mortgage	4	600,000	1963	November	100.00	4.00
Central Vermont Public Service Corp. First Mortgage	3¼	500,000	1973	December	105.00	3.00
Maine Public Service Co. First Mortgage	3½	300,000	1973	December	102.00	3.39
Ocean City Water Co. First Mortgage	3½	650,000	1968	December	"	"
Ocean City Sewer Service Co. First Mortgage	3½	380,000	1968	December	"	"
New Jersey Water Service Co. First Mortgage	3¼	165,500	1968	December	"	"
Total or Weighted Average		\$20,595,500				"
Total (Excluding issues for which data are not available....)		19,400,000				2.99%

* Data not available

par value per share, the remaining being a no par value issue. The weighted average offering yield was 4.48%.

The Central Vermont Public Service Corporation offered 178,000 shares of no par common stock to the public at \$16.00 per share in this quarter.

Part II. Summary of the Year 1943

Table IV shows the volume of public utility financing by quarters from 1936 to

ter of 1943 but reappeared again in the latter part of 1943. The trend in long-term bonds offered is interesting. The combined total of publicly and privately offered bonds is less than in 1942 but the public offerings considered separately exceed the comparable 1942 figure. Private offerings of long-term bonds fell off sharply from \$185 millions in 1942 to \$33 millions in 1943. From 1938 to 1942 private offerings represented from 23% to 62% of the total volume of long-term debt issues while the comparable 1943

TABLE III. SUMMARY AND ANALYSIS OF PREFERRED STOCK ISSUES OFFERED, FOURTH QUARTER, 1943

Company and Issue (A)	Dividend (B)	Principal Amount (C)	Month of Offering (D)	Offering Price (E)	Offering Yield (F)
Atlanta Gas Light Co. Cum. Pfd. \$100 par	4.50%	\$ 2,000,000	October	\$102.25	4.40%
California Electric Power Convertible, Pfd. \$100 par	5.25%	4,000,000	October	102.50	5.12
Delaware Power and Light Co. Pfd. \$100 par	4.00%	4,000,000	October	104.50	3.83
Kansas-Nebraska Natural Gas Co. Inc. Cum. Pfd. No Par	\$5.00	1,312,500	October	105.00	4.76
Pennsylvania Electric Co. Cum. Pfd. Series B, Par \$100	4.40%	303,200	November	108.75	4.05
Total or Weighted Average		\$11,615,700			4.48%

figure is only 9%. The following table has been prepared to show the relative trend in long-term offerings sold directly to institutional investors:

Year	Per Cent of Public Utility Long-Term Bond Offerings Sold Privately*
1936.....	9%
1937.....	7
1938.....	23
1939.....	39
1940.....	36
1941.....	62
1942.....	44
1943.....	9

* Excludes serial issues.

Table V summarizes data on offering yields, underwriters' commissions, incidental expenses, and net cost to company of bond capital for the publicly offered long-term debt issues. Offering yields have remained fairly constant in the period 1940 to 1943. It is rather difficult to judge the trend as the weighted averages have not been adjusted for the credit of the issuing utilities. Underwriters' commissions continue at the lower level, first reached in the middle of 1941 when the Securities and Exchange Commission established its competitive bidding rule. Estimated incidental expenses decreased slightly in 1943 as com-

pared with 1942. Incidental expenses have not varied greatly during the entire period covered by this survey.

The following summary analyzes the term of publicly and privately sold long-term bond issues marketed in 1943:

Term in Years	Large Long-Term Debt Issues Offered during 1943*			
	Number of Public Offerings	Number of Private Offerings	Combined Public and Private	
			Number	Per Cent
Less than 20 years	—	2	2	10%
20 years	1	2	3	14
25 years	4	—	4	19
30 years	10	2	12	57
More than 30 years	—	—	—	—
	15	6	21	100%

* Excluding serial issues and issues of less than \$1,000,000 par value.

The same tendencies as noted in the 1942 review are observed in the above table, namely; (a) thirty years is the most common term for publicly offered bond issues, and (b) privately offered issues tend to have a shorter term on the average than do publicly offered bonds.

High-Lights of the Year's Financing.
(A) Publicly sold long-term debt issues:

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TABLE IV. VOLUME OF PUBLIC UTILITY FINANCING, BY QUARTERS
1936 TO 1943, INCLUSIVE *

Year and Quarter	Long-Term Bonds†				Serial Offerings‡		Preferred Stock‡		Total in Millions
	Public Offerings		Private Offerings		Millions	Per Cent of Total‡	Millions	Per Cent of Total‡	
	Millions	Per Cent of Total‡	Millions	Per Cent of Total‡					
		%		%		%		%	
1936									
1st	\$ 364	86	\$ 56	13	\$ 4	1	\$ —	—	\$ 424
2nd	510	83	28	4	54	9	24	4	616
3rd	238	76	71	23	1	—	4	1	314
4th	719	93	31	4	—	—	19	3	769
Total	\$1,831	86	\$186	9	\$ 59	3	\$ 47	2	\$2,123
1937									
1st	\$ 274	72	\$ 19	5	\$ —	—	\$ 85	23	\$ 378
2nd	185	92	10	5	4	2	1	1	200
3rd	66	73	3	3	18	20	4	4	91
4th	87	80	11	10	10	9	1	1	109
Total	\$ 612	79	\$ 43	5	\$ 32	4	\$ 91	12	\$ 778
1938									
1st	\$ 106	68	\$ 49	31	\$ —	—	\$ 1	1	\$ 156
2nd	179	75	55	23	2	1	2	1	238
3rd	240	73	81	25	5	2	1	—	327
4th	350	69	81	16	55	11	19	4	505
Total	\$ 875	71	\$266	22	\$ 62	5	\$ 23	2	\$1,226
1939									
1st	\$ 96	64	\$ 18	12	\$ —	—	\$ 36	24	\$ 150
2nd	203	46	181	42	3	1	48	11	434
3rd	247	64	63	16	32	8	47	12	389
4th	155	43	183	50	22	6	4	1	364
Total	\$ 699	53	\$445	33	\$ 57	4	\$136	10	\$1,337
1940									
1st	\$ 141	54	\$ 59	22	\$ 10	4	\$ 53	20	\$ 263
2nd	52	29	80	45	3	2	43	24	178
3rd	137	56	84	35	6	2	17	7	244
4th	360	59	179	30	5	1	62	10	606
Total	\$ 690	53	\$402	31	\$ 24	2	\$175	14	\$1,291
1941									
1st	\$ 164	39	\$197	47	\$ 5	1	\$ 52	13	\$ 418
2nd	149	52	81	28	16	5	43	15	289
3rd	32	7	415	86	5	1	28	6	480
4th	103	60	43	25	20	12	6	3	172
Total	\$ 448	33	\$736	54	\$ 46	3	\$129	10	\$1,359
1942									
1st	\$ 128	66	\$ 32	16	\$ —	—	\$ 35	18	\$ 195
2nd	65	62	28	27	7	7	4	4	104
3rd	25	29	45	53	9	11	6	7	85
4th	13	13	80	82	5	5	—	—	98
Total	\$ 231	48	\$185	38	\$ 21	5	\$ 45	9	\$ 483
1943									
1st	\$ 21	72	\$ 8	28	\$ —	—	\$ —	—	\$ 29
2nd	90	93	4	4	2	2	1	1	97
3rd	104	91	a	—	7	6	3	3	114
4th	122	79	21	13	—	—	12	8	155
Total	\$ 337	86	\$ 33	8	\$ 9	2	\$ 16	4	\$ 395

* Exclusive of short-term obligations (other than serial issues) and common stock issues. No attempt has been made to summarize short-term borrowings because of the impossibility of obtaining complete data. Public offerings of common stock have been negligible throughout the period.

† Exclusive of serial offerings.

‡ Includes issues sold privately as well as publicly.

§ Per cent of each type of financing to the total in the quarter shown in the right hand column.

a Less than .5 million.

Puget Sound Power and Light Company first mortgage $4\frac{1}{4}$'s of 1972 at 104.25% to yield 4% and a net cost to the company of 4.16%. This was the largest issue of the year and totaled \$52,000,000.

Delaware Power and Light Company's 3's of 1973 sold at 106.14% to yield 2.70%

and a net cost to the company of 2.79%. This issue totaled \$15,000,000 and brought the lowest net cost to company of any issue marketed in 1943.

(B) Privately sold long-term debt issues: *Idaho Power Company's* first mortgage $3\frac{1}{8}$'s of 1973 sold at 103.46 to yield 2.95%.

TABLE V. SUMMARY OF YIELD AND COST DATA OF PUBLIC UTILITY LONG-TERM DEBT ISSUES OFFERED PUBLICLY (EXCLUSIVE OF SERIAL MATURITIES), 1936 TO 1943, INCLUSIVE *

Year and Quarter	Number of Issues	Offering Yields		Underwriters' Commissions		Estimated Incidental Expenses		Cost to Company	
		Range	Weighted Average	Range	Weighted Average	Range	Weighted Average	Range	Weighted Average
		% %	%	% %	%	% %	%	% %	%
1936									
1st	17	3.25-5.48	3.64	1.00-6.00	2.25	0.42-2.27	0.58	3.40-6.09	3.82
2nd	26	3.05-5.00	3.78	0.97-4.00	2.26	0.35-2.15	0.91	3.13-5.75	4.00
3rd	18	3.15-4.77	3.46	0.75-3.50	2.18	0.51-2.38	0.84	3.28-5.23	3.63
4th	32	3.00-4.87	3.37	0.74-3.25	2.06	0.23-1.68	0.54	3.12-5.38	3.51
1937									
1st	12	3.19-5.11	3.48	2.00-5.00	2.02	0.48-4.16	0.58	3.34-5.81	3.61
2nd	8	3.25-4.69	3.61	2.00-3.25	2.06	0.29-1.90	0.64	3.41-5.17	3.78
3rd	6	3.37-5.28	3.69	1.99-4.00	2.02	0.51-3.69	0.84	3.53-6.25	3.86
4th	5	3.50-4.56	3.82	2.00-3.50	2.12	0.62-1.62	0.88	3.99-5.23	4.05
1938									
1st	4	3.39-4.44	3.86	2.00-2.50	2.27	0.54-1.02	0.61	3.55-4.76	4.05
2nd	7	2.92-6.18	3.40	1.03-8.00	1.73	0.36-6.57	0.57	3.11-7.65	3.58
3rd	12	3.00-5.00	3.43	0.50-3.50	1.80	0.50-2.18	0.74	3.13-5.38	3.58
4th	12	3.01-6.20	3.44	0.96-5.00	1.98	0.32-3.33	0.58	3.15-6.91	3.59
1939									
1st	6	3.15-4.00	3.58	1.75-4.00	2.09	0.61-1.48	0.81	3.32-4.22	3.81
2nd	14	2.75-5.75	3.56	1.00-4.10	2.01	0.39-6.91	0.70	2.89-6.36	3.73
3rd	11	2.69-4.20	3.44	1.50-3.00	2.03	0.39-3.42	0.66	2.77-4.44	3.60
4th	8	3.02-3.89	3.63	1.50-2.75	1.99	0.58-1.02	0.71	3.20-4.10	3.80
1940									
1st	12	2.47-4.36	3.23	1.50-2.50	1.99	0.39-0.94	0.49	2.69-4.63	3.38
2nd	4	2.78-3.36	3.29	2.00-2.00	2.00	0.66-0.95	0.71	2.92-3.56	3.47
3rd	8	2.73-4.38	3.10	2.00-3.50	2.05	0.41-1.31	0.59	2.85-4.80	3.24
4th	14	2.51-4.50	2.81	0.50-4.00	1.75	0.36-2.81	0.51	2.62-5.06	2.91
1941									
1st	12	2.60-4.75	2.86	1.50-3.00	1.79	0.45-3.40	0.59	2.67-5.38	2.97
2nd	5	3.00-4.07	3.36	1.75-3.00	1.91	0.37-0.66	0.49	3.11-4.27	3.51
3rd	1	2.90-2.90	2.90	1.29-1.29	1.29	0.58-0.58	0.58	3.00-3.00	3.00
4th	5	2.55-4.18	2.89	0.72-3.98	1.36	0.34-1.81	0.48	2.61-4.43	2.99
1942									
1st	3	2.95-4.50	3.31	0.73-1.35	1.26	0.52-1.50	0.69	3.10-3.51	3.42
2nd	5	2.78-4.81	3.39	0.60-3.23	1.33	0.37-3.12	0.88	2.85-5.21	3.53
3rd	2	2.67-3.59	3.41	0.73-3.35	2.83	0.91-1.55	1.42	2.74-3.84	3.62
4th	1	3.11-3.11	3.11	1.07-1.07	1.07	1.04-1.04	1.04	3.20-3.20	3.20
1943									
1st	1	2.85-2.85	2.85	0.84-0.84	0.84	0.87-0.87	0.87	2.93-2.93	2.93
2nd	2	3.16-4.00	3.65	1.28-2.20	1.81	0.56-0.60	0.58	3.22-4.16	3.76
3rd	5	2.80-3.40	3.03	0.86-1.16	1.06	0.47-0.80	0.61	2.89-3.49	3.11
4th	7	2.70-3.77	3.29	0.86-2.25	1.37	0.40-1.17	0.84	2.79-3.84	3.38

* Excluding issues for which complete data are not available.

This issue totaling \$18,000,000 was the largest in this classification for the year and brought the lowest yield.

(C) Preferred stock issues: There were two \$4,000,000 issues in this classification, one by the California Electric Power Company and the other by the Delaware Power and Light Company, which were the largest issues recorded in 1943. The Delaware

Power and Light Company issue consisted of 40,000 shares of \$100 par value each with a dividend rate of 4% sold at \$104.50 to yield 3.83%. This yield was the most favorable to the utilities in 1943.

ORVILLE P. DEUEL

WILLIAM H. EVANS

Assistant Rate Analysts

Public Service Commission of Wisconsin

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Book Reviews



The National Bituminous Coal Commission.
[Administration of the Bituminous Coal
Act, 1937-1941.] By Ralph Hillis Baker.
Baltimore: The Johns Hopkins Press,
1941. pp. 365, \$3.00.

The emphasis throughout this book—apparently a doctor's thesis submitted to the Department of Political Science at Johns Hopkins University—is on description and historical treatment rather than on analysis and criticism. This very fact makes the book valuable as there has been an abundance of writing pro and con, but no exhaustive study of what actually did happen. The author states that he interviewed about a hundred people during the preparation of his study and as a result this one-man, fact-finding commission has given us a survey of the federal regulation of the bituminous coal industry that abounds in first-hand information. While the approach is from the point of view of the political scientist rather than that of the economist or engineer, the author succeeds throughout in giving a fairly balanced picture of the industry's economic background. He avoids getting himself lost in the conflict of motives behind the policies of the United Mine Workers on the one hand and the Northern Appalachian, the Illinois and the Southern Appalachian operators on the other. Neither does he bother about the clash between the strippers and (most of) the underground operators. These conflicts came into the open again at the hearings on the "Extension of the Bituminous Coal Act of 1937" in June and July of 1943 and those pages of testimony can now be read as a sort of postscript to Mr. Baker's book.

The federal government had used several devices to regulate or supervise economic activities that hitherto were either the domain of the states or not considered to be "affected with a public interest." The Bi-

tuminous Coal Act of 1937 created the National Bituminous Coal Commission which might at first glance be compared with such regulatory bodies as the Interstate Commerce Commission, the Federal Trade Commission, the Securities and Exchange Commission and the National Labor Relations Board.

The life of the coal commission was to be a great deal less placid than that of those other bodies. To begin with, the act that created it was limited by statute to a life of only four years. The act set the commission the task to fix minimum prices, a job that had not been undertaken before by any of the states and the complexity of which was staggering. The administration of the act required personnel of highly technical qualifications, but the limited life of the commission was not likely to attract the steadiest type of people. The selection of the personnel was in the hands of just one commissioner (p. 108) who had to pass on some twenty thousand applications quickly enough to build up the staff needed to determine minimum prices even before the real function of the commission could begin.

Finally, the commission was set up within an executive department, namely the Department of the Interior. Although independent of that department in its first two years, the commission was abolished in 1939 and its functions transferred to a division created in the Department of the Interior.

When the act expired on April 26, 1941, the Congress extended it for another two years. In 1943 the act was once more extended by three months; but at the end of that period, on August 26, 1943, the Congress decided that the country would be better off without it for the time being. During the months preceding the final demise, the United Mine Workers had sponsored a bill to restore an independent commission which would have had three members, one to represent the operators, one the miners and one the public. The Congress felt that the act

had failed to prevent strikes in the industry and found that consumers were solidly against it while the producers were split, the lowest-cost producers being opposed to it. Labor and the higher-cost producers thus lost their fight.

Mr. Baker is primarily concerned with the many administrative difficulties that faced this brave attempt to regulate an industry as complex and as far-flung as bituminous coal. Once the war is over, pressure for a new coal act will probably be with us again. Meanwhile, the candid history of the successes and failures of the old one as recorded by Mr. Baker can be recommended to all men of good will who are anxious to learn from the experience we have gained between 1937-1943.

ROBERT M. WEIDENHAMMER

Washington, D.C.



Mirror For Americans—Likeness of the Eastern Seaboard, 1810. By Ralph H. Brown. New York: American Geographical Society, 1943. pp. 312, \$4.00.

Professor Brown has made a unique contribution to American geography. This volume is an able and scholarly synthesis of the published works on the geography of eastern North America up to 1810. Attractively printed and embellished with contemporary illustrations, it gives us a composite picture of the United States about to emerge from the stage of national adolescence, and of British Canada and Spanish Florida.

The distinctive feature of the book is the ingenious manner of presentation. *Mirror for Americans* purports to be the work of one Thomas Pownall Keystone, an imaginary figure of Philadelphia—an Ephraim Tutt of scholarly bent who mingled with the savants of the American Philosophical Society. For a quarter-century after his alleged graduation from the University of Pennsylvania he is represented as having assembled the largest known collection of works on the geography of Eastern America. It is from these sources that Professor Brown, in the name of Mr. Keystone, gath-

ered the material for the book. Skillfully he has culled the choice kernels from the stacks of ancient tomes and has served them as a fresh, balanced, and intellectually palatable ration. The style of the period is retained but the treatment, in the manner of the best modern scholarship, is such as to aid the reader in current interpretation.

The Prologue, which contains a description of Keystone's library, is an enlightening treatise which both the professional geographer and the layman may read with profit. Here, of course, were Thomas Jefferson's *Notes on the State of Virginia*, the papers bearing upon geographical and commercial problems written by Albert Gallatin and Tench Coxe, and the *Geographical Essays* of the collector's namesake, Thomas Pownall. Naturally, also, there were the works of several contemporary Philadelphians—Dr. Benjamin Smith Barton, who taught medicine and botany at the University and wrote on the natural history of Pennsylvania, and William Bartram, naturalist, who wrote of his travels in the south. Then there were the writings of numerous European visitors who described America from the point of view of the outsider with varying degrees of prejudice, pro and con, among them the familiar names of Kalm, Michaux, Rochefoucauld-Liancourt, Cazenove, Volney, and Davis. Other sources were the *Medical Repository*, by Samuel L. Mitchill of Columbia College, the several editions of *The American Geography* by the Reverend Jedediah Morse of Massachusetts, and the six volumes of the German investigator, Ebeling, *Erdbeschreibung und Geschichte von Amerika*. From these and from a hundred other writers Keystone composed his picture, aided by a battery of maps and selections from a score of periodicals. The documentation is thorough and happily arranged so as not to distract from the main discourse.

In the text proper the author treats of "Natural Traits," "Population," "Travel," "Occupations," "Maritime Interests," and "Commerce." Subsequent chapters in turn are devoted to a description of separate regions. In discussing population growth, the author reflects the forward-looking confidence in America's manifest destiny held by the unbridled enthusiasts as well as the doubts of the nation's political future ex-

pressed by the skeptics. The contrast in tempo of life then and now is brought home by the reminder that around 1800 it required four weeks to carry mail from Brewers, near the northeastern boundary of Maine, to Washington, D. C. The well-known role which whaling and the fisheries off Newfoundland played in the economy of New England is effectively recounted.

One would not expect so ambitious a work to be perfect and this one is not without its faults. The author mentions the paucity of information in contemporary writings about New Jersey, cockpit of the Revolution and focal point of American socioeconomic forces. We regret that he could not have delved deeper into the less accessible sources, where there is an abundance of material. In discussing agriculture, one would question the claim that the central seaboard, including New Jersey, Delaware, eastern New York, and Pennsylvania, had a less diversified agriculture than New England. In fact, elsewhere appears the seemingly conflicting but accurate statement that "the agriculture of southeastern Pennsylvania is naturally one of great variety."

But these are minor matters and we must remember that Professor Brown is reporting the observations of other writers who were not infallible and frequently contradicted each other. He has successfully impersonated the geographer who might have lived in 1810, faithfully depicting the young America and presenting in nice balance the problems which confronted a nation in the making. Such an epitome comes to us at a particularly appropriate time, just as we are gaining a new concept of our country in its relation to the rest of the globe. The war has made us, as a people, more history-conscious; likewise, we have become geography-conscious as never before. *Mirror for Americans* will help us have a better understanding of our country and consequently a greater appreciation of the democratic institutions for which it stands.

CARL R. WOODWARD

Kingston, Rhode Island



The Small Community. By Arthur E. Morgan. New York: Harper & Brothers, 1942. pp. 312, \$3.00.

Arthur E. Morgan, the originator of "the Antioch idea," has drawn deeply upon his rich and varied background of experience as an engineer, educator, public administrator and community planner in his presentation of this study of the significance of the small community. As its full title—*The Small Community, Foundation of Democratic Life, What It Is and How to Achieve It*—indicates, this book surveys a wide field. In the first of the four parts into which the book is divided Mr. Morgan presents his philosophy of the community while in the last three parts he treats a number of community problems and outlines study courses and procedures which interested persons can use in the improvement of the communities in which they live.

It is in this first section, "The Significance of the Community," that social scientists will probably have the greatest interest. Mr. Morgan sets forth the thesis that "in the long run the basic culture of human society can maintain itself on no higher level than the culture of the small community." He holds this to be true because the community is "a continuing source of population" and because the fundamental personality traits of the individual are fixed during his early formative years when his development is conditioned primarily by his family and his local community environment. The community is "the seed bed of society" and its responsibility in assisting the family in fostering the perpetuation of our culture makes it one of the most important factors that "enter into the determination of our national life." Using this theme, Mr. Morgan is quite right in asserting that in the past the small community has been generally neglected and that "the perfecting of the small community is one of the greatest issues facing our times." Great weight might well be given to the author's advice that "a vigorous, wholesome community can exist only at the price of conscious determination for its achievement."

The sections on "Community Organization" and "Specific Community Interests" are informative and provide excellent guides to persons interested in or charged with the

development and carrying out of community improvement programs. The suggestions, bibliographies and study courses recommended on such problems as the establishing of a community council, the organization of cooperatives, and the setting up of a community health program should make this book a valuable tool for those engaged in community work. In the concluding section many interesting observations are made concerning "the pioneer in the community" and "individual freedoms that should be preserved within the community structure."

Much can be said in favor of this study of the community and its relationship to democratic life. Yet a few criticisms might be raised. Mr. Morgan often appears more as an evangelist preaching the values of community life than as a scholar. Occasionally he states as facts personal views of questionable verity. Also he displays a tendency at times to wander from the central theme of the book, as in his digression on "Regionalism in America" which is included "to dispel any impression that the community can be an isolated social unit." Rural sociologists and agricultural economists might complain of the small attention that is given to rural problems that can best be treated or explained on the community level. Scant consideration is given to rural communities and no mention is made of rural community planning. The excellent chapter on "The Community Council" could have been improved had some consideration been given to the similarities both in structural organization and in objectives between the urban community councils and the community and county land use planning committees set up some years ago by the Department of Agriculture.

The use of several varying concepts of the community in this book might also be questioned. The community is defined as "an association of individuals and families that, out of inclination, habit, custom, and mutual interest, act in concert as a unit in meeting their common needs." The author recognizes that the term "community" is not susceptible to close or exact definition. He admits the validity of the concept of a world community and limits his field somewhat by confining himself to a discussion of the "small community." He begins by pictur-

ing the small community as a village that draws upon a surrounding farming area. Yet "the typical village is little more than a local market" and "many a small town or village is no longer a community." The community can, but seldom does, exist within the city. Yet it is possible to refer to Wall Street as a community because "so far as banking is concerned, Wall Street is a small village, where every banker knows every other." In his interesting chapter on "Community Design," Mr. Morgan indicates that the community should be "large enough to support necessary services and to serve useful and productive purposes." The values of economic self-sufficiency for the community are stressed and the impression is given that the community should embrace an area that can balance its accounts. The ideal size of the community varies from a few dozen to a few thousand persons. The community is to be measured in terms of "unified planning and action" rather than existing machinery for action; and collective action designed to secure such impersonal benefits as fire protection, sewage disposal, or schools gives only a doubtful basis for a community. The author's definition limits the number of real communities that can be said to exist and it hardly admits that the majority of the city- and country-bred children can be raised in communities. Yet the author recognizes the "small communities as the sources of city population."

Mr. Morgan should not be unduly criticized for his failure to be entirely consistent in his use of the term "community." A rather vague use of this term can be listed among the common failings of most social scientists. Perhaps the use of this term could be made more meaningful if the community were recognized as a level through which social action takes place. One could then speak of the church community, the school community, or the trading community with some degree of exactness. The boundaries of these qualified types of communities of necessity overlap each other, just as do the areas in which various social services are dispensed. The author's small community is in reality a combination of a number of these overlapping communities and the differences in the ways that they can be combined explain many of the dif-

ferences found between communities. The author's idea of the small community as a "closely organized association of people who live and work together for common ends, with mutual good will, respect and tolerance, sharing dangers and hopes" might well be set up as a goal toward which community life might strive.

RALEIGH BARLOWE

*Regional Land Tenure
Research Project,
Fayetteville, Arkansas*



Western Prices Before 1861. By Thomas Senior Berry. Cambridge, Massachusetts: Harvard University Press, 1943. pp. 616, \$5.00.

This book is the result of a carefully detailed investigation and analysis of the economic setting of the middle west between the late 1780's and 1861. During this period Cincinnati, Ohio, became the metropolis of that growing section and most of the historical accounts are confined to this expanding city and the surrounding territory, but throughout the book the economic relations of Cincinnati with other areas are constantly brought to the fore. The primary purpose of the author has been to illuminate a few dark corners in regional economic history and this is accomplished exceptionally well. The method is statistical and the approach is by way of prices; in consequence, the author makes an extended use of index numbers in analyzing the impact of the rapidly growing and vigorous civilization of the middle west. The sources of data number in the hundreds and indicate in part the thoroughness of the investigation. The treatment is very complete and although the general reader will find it somewhat laborious on account of the immense amount of factual detail, the specialist—particularly the geographer, the economic historian, the economic theorist, the statistician, and the agriculturalist—will discover a wealth of concrete and valuable information regarding the trend of events during the period, their causes and implications.

The book is divided into three parts. Part I is concerned mainly with regional history, geography, and the development of transportation facilities, with emphasis on the latter because of its influence on prices in the interior territory. The improvement of transportation facilities to the middle west and the reduction of costs brought such a shift in the general price structure as to indicate a price revolution. Considerable attention is given to the river economy and the price relations between Cincinnati, Louisville and New Orleans. It is due to the importance of the river economy that the seasonal pattern of prices at Cincinnati maintained its peculiar characteristics.

In Part II attention is centered upon leading industries or groups of commodities: flour, whiskey, and pork products, ferrous metals, coal, manufacturing, salt trade, textiles, and groceries. The discussion relating to the agricultural products not only portrays the trends and developments of the period and interregional price relationships but also the relationships between production and price for both short and longer intervals of time. Exception is taken to the usual concept of the influence of price on production and the author concludes that it is only after a favorable or unfavorable price situation extended over a period of several years that production is affected to a substantial degree. The analysis of the salt trade during this period shows the monopolistic characteristics of the trade and portrays it as probably the first early American combination.

While Part II is largely concerned with the discovery and evaluation of influences affecting the price situation of various commodities, Part III is concerned with forces that influence prices in general with more or less uniformity. Attention is focused on such factors as fluctuations in money and currency, investment and speculations, interest and exchange. In consequence, this section is directed and should be of much interest to the specialist in monetary history and business annals. The period has been divided into four intervals (1780-1823, 1823-1835, 1835-1843, 1843-1861) and the cyclical disturbances and price behavior which characterize each interval are analyzed. The settlement of the middle west did not proceed at a constant rate, but

seemed to surge and recede in tides of fairly equal length of 18-20 years, the timing of which was most sharply defined by agricultural prices and the sales of public lands and was characterized by the organization and dissolution of banks, expansion and contraction of debts at home and abroad by states and individuals, the immigration and trade of the nation, and other series.

REX W. COX

University of Minnesota



World Trade in Agricultural Products. By Henry C. Taylor and Anne Dewees Taylor. New York: Macmillan Company, 1943. pp. 286, \$3.50.

This book deals "with the movement of agricultural products in world trade and with the national policies, the imperial preferences and the international agreements that influence the extent, the character and the direction of this trade." As stated in the preface, much of the basic data were obtained from the 1,100-page volume, *World Trade in Agricultural Products; Its Growth; Its Crisis; and the New Trade Policies*, published by the International Institute of Agriculture in 1940 and from a 96-page summary published by the Institute in the German language the following year. Plans for the comprehensive study, which led to these reports, were formulated by Dr. Taylor when he represented the United States as a member of the Permanent Committee of the International Institute of Agriculture in Rome. Only a few copies of these publications reached this country because of war conditions.

The book is developed on a commodity basis. A separate chapter is devoted to each of the following: cotton, wool, silk, rubber, tobacco, coffee, tea, sugar, wheat, rice, feed grains, meat and live animals, and fats and oils. Here the reader will find a wealth of information not only on the extent and movement of the various commodities through 1938 but also on national policies which have influenced trends.

A separate chapter is devoted to a review

and evaluation of attempts by a number of governments to improve the position of their nationals by tariffs, quotas, embargos, fiscal and other policies. The authors conclude that "the measures affecting world trade in farm products in the interwar period, which were intended to benefit particular groups, not only proved to be at the expense of others but in many instances damaged the very groups the measures were intended to benefit. In general, the sum total result of the efforts to solve international problems by national measures was to deepen and lengthen the depressions" (page 264). And at another point: "the commerce of the world can best serve all the people of the world only when the world social structure has been developed to the point where the actions of any one nation do not run counter to the best interests of the world as a whole" (page 266). And finally, "the greater the economic significance of political frontiers, the greater the danger of war; and the greater the facility with which all nations may secure through commerce the basic necessities of national life, the greater the prospects of peace" (page 267).

These are indeed sobering words. They suggest that the victors in the present conflict will need to take a more realistic view of world trade in agricultural products than was the case following 1918 if a third world war is to be avoided.

This book will serve as a useful reference for all who are interested in interregional and international trade, not only in agricultural commodities but in commodities generally. Above all, it deserves careful consideration by those who are concerned with public policy both at home and abroad.

A. A. DOWELL

University of Minnesota



The U.S.-Canadian Northwest. By Benjamin H. Kizer. Sponsored by American Council, Institute of Pacific Relations. Princeton University Press, 1943. pp. 71.

This short publication is the presentation of and justification for a post-war planning

and development program for the Pacific Northwest. It involves interstate and inter-regional as well as international relations in that all or parts of several states of the northwest United States, British Columbia and parts of other provinces and territories in Canada and Alaska are the subject for treatment. The field for cooperative relations is broad since not land and mineral resources alone are involved, but also international streams and water-use rights, ocean highways and fisheries, and airways as well. This involves political as well as economic treaties and concessions, military as well as civilian understanding, production and consumption problems, and legal as well as emotional attitudes and beliefs.

In the past this nation has largely followed a policy characterized by isolationism. Most people have thought it necessary to look across a body of water before international relations became involved. Yet one can stand on one side of an imaginary line, for distances involving thousands of miles, and reach across to shake hands with people of other nations. As a rule, however, few Americans have been facing north, looking along the way of the "Old North Trail." Rather they have had their backs to the wall.

Mr. Kizer refers to the fact that there has been, in the past, "surprisingly" little contact between Canada and the United States, especially west of the Great Lakes. The "surprising" thing is rather that there has been as much contact as does exist in view of tariff and other man-made barriers. For example, though Canada and most leading European countries belong to the International Copyright Union, the United States does not. A book published in Canada with the collaboration of Americans (Yankees) must be reprinted in the United States, with United States ink, on United States paper, produced by United States workmen. Hence, little literature has crossed the international border.

Many of us living along the northern border are interested in our Canadian friends and the U. S.-Canadian Northwest is taking a very definite and concrete step in bolstering these sentiments with action by way of arranging trade treaties, developing plans for international transportation

and communication, and looking to industrial and economic development that is mutually complementary. The book is written in the spirit that these things will be done and are already under way.

The point of view presented is distinctly in the spirit of regionalism, not in the spirit of sectionalism. By regionalism is usually understood those processes which operate to make an area more self-supporting and independent, not in the sense of self-sufficiency but in the spirit of cooperating with the rest of the nation and the world. Mr. Kizer points out that it is now necessary to develop some processing of metals and ores in the region, to utilize the varied national resources within the region and thus to facilitate the wider development of other resources. He calls attention, and rightly so, to the fact that Northeastern United States can no longer stand in the way of the greater industrialization of the Northwest.

The planners of the Northwest, under the direction of Mr. Kizer, have contributed most constructively to a desirable program for industrial and agricultural resource development. They have also pointed the way for a broader political, legal and philosophical program for the nation and have actually contributed to its functioning.

Another region that will have to undertake similar planning and developmental activity, involving both Canada and the United States, is the Northern Plains region—the wheat and livestock producing belt for the two nations.

CARL F. KRAENZEL

Montana State College



The World Coffee Economy with Special Reference to Control Schemes. By V. D. Wickizer. California: Food Research Institute, Stanford University, 1943. pp. 231, \$3.00.

Mr. Wickizer's book brings together in one volume a discussion of the coffee industry—a history of its development, its place in world trade and in the economies of major producing countries, methods of culti-

vation, storage facilities, production and marketing problems, and finally, control schemes employed to regulate it. The first nine of the twelve chapters are largely descriptive of the industry and its problems and should be particularly useful for the coffee trade and the general reader desiring a quick but comprehensive view of the coffee economy. The next two chapters cover the history of Brazil's effort to control the coffee industry as well as inter-American collaboration in establishing control mechanisms. All this, however, is background for the last chapter, which discusses basic questions involved in regulating industries during both war and peace.

The three basic characteristics of the world coffee situation are defined as: (1) relatively stable annual consumption requirements, coupled with a highly variable supply brought about by fluctuations in year-to-year crop yields; (2) excessive aggregate world coffee supplies that have persisted since the early 1930's; and (3) the loss of Continental Europe as a market. The author concludes that while the first of these conditions is difficult to control, "inherent supply-demand maladjustment and excessive producing capacity are both problems susceptible to at least partial solution through soundly conceived measures among producing and consuming countries." The third situation is presumably of a temporary nature brought about by the war. The Inter-American Coffee Agreement is attacking that question and "conceivably, solution of the wartime problem may point the way toward solving the recurrent peacetime problems of coffee." The first two of these characteristics may change radically should the non-beverage use of coffee become important.

In the postwar world, proposals for commodity agreements as well as other regulatory schemes will enter more than ever into official plans, and a backlog of data on and appraisals of agreements already in effect will be needed. The last chapter of Mr. Wickizer's book surveys the Inter-American Coffee Agreement and points out some of the dangers, political and otherwise, that should be kept in mind. These difficulties or dangers differ as the objectives of control change. The central objective of most

regulatory schemes is price-raising or price-supporting in the interest of producers. Such schemes could also be designed to foster "ordinary disposition of temporary or persistent surpluses, improvement of trade practices, or promotion of demand for the product."

Following the war will come a critical period of readjustment to restore and regularize the coffee trade. While the Agreement has improved the wartime position of coffee producers, the author contends that "it has contributed very little toward solving the fundamental problems of the world coffee economy." Now is the time that responsible leaders in the coffee industry, government officials, and others should be exchanging statistical data and laying plans for cooperative international action when peace comes. Mr. Wickizer believes that an agreement that will guarantee price stability over a period of years "would have to be more comprehensive as to producing and possibly consuming countries, . . . and must be planned to operate so that the benefits to producers are more definitely a stabilization of returns over a period of years rather than larger aggregate returns."

KATHRYN H. WYLIE

Washington, D. C.



The Danubian Basin and the German Economic Sphere. By Antonin Basch. New York: Columbia University Press, 1943. pp. 275, \$3.50.

In the years 1942 and 1943 the Germans became convinced that the doom of military defeat is inescapable. They have therefore concentrated on the task of saving the fruits of plunder and aggression by diplomatic, political and economic means. For the past two years we have been told by self-styled anti-Nazi Germans in this country and in England that Germany must remain the industrial center of Europe, thus perpetuating its political and military hegemony achieved by brute force in the last ten years. Misguided American and English liberals who have never given thought to the sufferings

of the Czechs, Poles, Norwegians, or Greeks, are now worried lest the breakup of the German system of exploitation of Continental Europe may hurt the Germans.

Dr. Basch, a distinguished Czech economist, performs a signal service in discussing a basic aspect of the German problem, *viz.*, the problem of German economic expansion as a precursor of political and military aggression and ultimate enslavement of whole nations. Three times since 1870 the world has been taught the costly lesson that the substance of the German problem is whether Germany is strong enough to attack, invade and enslave—and not whether the leader's name is Bismarck or Schickelgruber. The issue of Germany's military strength, her ability to wage aggressive wars, ultimately boils down to the question of German economic strength.

Dr. Basch shows in his case study how Germany penetrated the economic bastions of these countries before they were ripe for military conquest. They are essentially engaged in the production of agricultural food-stuffs and some important minerals. After the first world war, the great democracies—especially France, England and the United States—thought that the countries of Southeastern Europe could be permanently kept outside the German orbit of domination by purely military and diplomatic means, supported by a weak structure of long-term loans. A vacuum was created which did not represent a source of trouble as long as Germany was weak. When Germany began to prepare for total war in 1933 she immediately considered Southeastern Europe as the first stage of the ultimate goal of world domination.

Dr. Basch adduces all the available facts and data to show how the economic relations between Germany and the Southeastern European nations became more and more determined by elements of German control in the years following 1933: "German purchases under the clearing agreements and the overvaluation of the Reichsmark were the instruments used to make the trade of Southeastern Europe dependent upon Germany by detaching it from the world-price structure and thus forcing it into the German living space" (p. 187). Many foreign economists failed to grasp the

elementary principles of German economic behavior in Southeastern Europe as elsewhere because they persisted in scrutinizing that behavior in the light of criteria applicable, perhaps, to western welfare economies but totally unsuited to an understanding of the traditional German foreign economy of loot. The German occupation of Austria in 1938—hailed by many in this country and in England as a fine act of justice—convinced the Southeastern European nations, Dr. Basch reminds us, that Great Britain and France had given Germany a free hand in Southeastern Europe.

Only after it was too late did the western powers awaken to the implication of the economic domination of Germany in Southeastern Europe. The British set up the "United Kingdom Commercial Corporation" after the outbreak of war in 1939; but by that time the bus had been missed. What could have been useful and, perhaps, decisive in 1936 or 1937 was of no avail early in 1940.

Dr. Basch contributes a great many facts and arguments toward the understanding of the Southeastern European problem. After this war is over the basic problem in Southeastern Europe will still remain: how to help these countries in a program of well-planned industrialization without enslaving them economically, and how to integrate them into the economies of the western powers. A vacuum cannot exist in this region of Europe, and if the western powers fail again to open their home markets to the products of these countries, then political and military guarantees will be ineffective in the long run.

After the experience of the last ten years and especially during this war, Germany will no longer be able to rule these countries economically first, and then politically and militarily. If the western powers lose interest, Russia may perhaps make up for the lack of interest of the great democracies, including the United States.

Dr. Basch hopes that the countries in the Southeastern European region will "attempt to secure greater safety by very close cooperation among themselves" (p. 248), although he admits that ultimately the safety and freedom of that region depends upon the realization of the western democracies

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that to hand over Southeastern Europe to Germany is to pave the way for German domination of Europe.

WILLIAM EBENSTEIN

University of Wisconsin



Forest Economics and Finance. By P. L. Buttrick. New York: John Wiley & Sons, 1943. pp. 484, \$4.50.

Designed primarily as a textbook, this is the first publication to deal with the economic and financial phases of forestry from a current American point of view. It fills a gap in American forestry literature which has long existed. The only other American book (now long out of print) attempting to cover this field is B. F. Fernow's *Economics of Forestry*, published in 1902. Fernow was educated in Germany. His book treats the subject from a distinctly German point of view. Buttrick's treatment of the subject is very different from Fernow's.

Buttrick divides his book into three parts. Part I deals with the economic and financial bases of forest enterprises. In this part he discusses quite briefly but informatively the nature, the financial organization and the financing of private and public forest enterprises; the nature of capital, credit and investments; interest and discount; appreciation and depreciation of the property connected with a forestry enterprise, including the effect of changes in the value of money; and the nature and interrelations of values, costs, prices, and profits. Part II deals with the special economic factors pertaining to forestry. This is the longest and most important part of the book. In it he discusses the economic and social value of forests; the economics of forest exploitation and conservation; the demand for forest products and its relation to the practice of forestry; land as the basis for the forest enterprise; costs and profits in forestry; sustained yield forestry; protection, recreation and wildlife forestry; forest taxation; and the appraisal of standing timber and of other forest values. In Part III forestry as a private and as a public enterprise is summarized. Pub-

lic regulation of and assistance to private forest owners is discussed also.

This book puts the major economic and financial problems of forestry in easily understandable form. In so doing it is of especial value to foresters and students of forestry, many of whom fail to connect their courses in general economics with the economic problems directly connected with the practice of forestry. Economists and others interested in forestry should find this book of value. The chapters on business organization, the financing of forest enterprises, interest and discount, costs and profits in forestry, sustained yield forestry, the taxation of forest property, and public regulation of and assistance to private forest owners are especially apropos. In the citing of statistics there are a number of minor typographical errors, such as the substitution of commas for decimal points. This book is a valuable addition to the American literature on forestry.

J. H. ALLISON

University of Minnesota



Planning for the South. By John V. Van Sickle. Nashville: Vanderbilt University Press, 1943. pp. 255. \$2.75.

Whether or not one agrees with the conclusions reached by Van Sickle, this timely book, which is described in the foreword as "an inquiry into the economics of regionalism," will be found interesting and instructive. It is interesting because of the wide sweep of human problems with which it deals, and instructive because of the excellent manner in which it maintains a satisfying degree of objectivity while at the same time attacking the problem of harmonizing; (a) national well-being and regional needs, (b) federal bureaucracy and state rights, (c) laissez-faire and total planning, and (d) general welfare and rugged individualism.

The author first discusses the theoretical and philosophical framework within which over-all planning would be done. He analyzes laissez-faire at one extreme and total

planning at the other, and reaches the conclusion that there is a middle way of harmonizing the conflicting interests of the individual and the group. This happy medium is termed "liberal planning" or "liberalism." Next, the human and natural resources are inventoried (somewhat superficially) with a view to identifying those things that give this part of the country regional consistency. Then an endeavor is made to establish "goals" for the South (which are outlined below) by examining various proposed adjustments, including a wide range of legislative controls, subsidy devices, and educational programs to be sponsored by state and federal governments. He then selects the ones that fit the principles of "liberal planning." Later, some of the current state and federal programs are evaluated and new programs are outlined as means of attaining desired conditions. Finally, differential federal aid is discussed and some comments are made on financing the programs.

"Processes and goals cannot be disentangled" is stated in the Foreword as a principle which underlies most of the subsequent analysis. From this questionable principle stems much of the difficulty in which the author later finds himself. The proposed goals for the Southern region outlined in the latter paragraphs of the chapter on that subject are not goals, nor objectives, nor ends, but rather "means to an end" or "ends in view," as Dewey would say, and as such are more in the nature of programs or processes than goals. These two items must be disentangled if planning is to be made effective.

The first job in planning is to establish and agree upon goals. They are needed to serve as measuring devices by which all processes and programs are evaluated as well as guided. After goals are determined it is necessary to inventory existing conditions and then to measure or visualize the distance between the current situation and the desired condition. It is then, and only then, that the planner is in position to determine upon programs of action.

Quite conceivably, Van Sickle's goals—including a diversified agriculture, prosperous industries, a good marketing organization, a good financial system, and finally a government equipped to satisfy the educa-

tional, recreational, health, and aesthetic needs of a civilized people—could be attained without conserving and developing the natural and human resources of the area, without an equitable distribution of the income among those who live and labor there, without a wide distribution of landed property in the hands of those who till the soil, and without maintaining the freedoms essential to a democratic way of life and the degree of equality called for in the Declaration of Independence.

The author's residence in the South dates from September, 1938. His concept of regionalism, according to his own words (p. vii), is thus "intellectual rather than emotional." It is doubtful if any one who has resided in the Southland such a short time is in position to interpret accurately the "mind of the South," and to understand in sufficient detail the complex interrelations that hamstring Southern economic, social, and political life.

For example, if the majority of "Southern whites" are determined to maintain "white supremacy," how will it be possible, as is suggested by Van Sickle, for the Southern leaders of the two races to get together to solve the negro problem through "equitable segregation"? Can "white supremacy" be maintained if negroes are accorded Jim Crow cars, rest rooms, and school buildings "as good as those provided for the whites," and also education "as excellent . . . as that available to white children"? Furthermore, can "white supremacy" and "equitable segregation" be maintained if there is no discrimination on voting or occupational restrictions owing to race?

Extra-regional students are likely to fail to grasp (as I believe Van Sickle has failed) the new spirit of liberalism of the majority of Southern whites and the clearness with which Southern negro leaders see their problems. This is a frequent error and is destined to retard progress all along the line. This error results from a lack of insight and knowledge of the essential constituents of Southern culture. The rising liberalism of the region will continue to be underestimated and misconstrued so long as the intellectual leadership of the South is geared to the maintenance of a decaying

economic and social order, and so long as a mere fragment of the population participates in "representative government."

It is difficult to understand the omission of a fairly complete discussion of and a definite and concise recommendation on the poll tax question. The people of the South, whether white or colored, cannot perform their functions as citizens so long as thirty-two representatives from South Carolina, Georgia, Alabama, and Mississippi are elected by fewer voters than are the two representatives in Rhode Island.

Another major item of omission relates to the plantation system with its semi-feudal hierarchy of landlord, over-tenant, riding boss, sub-tenant, sharecropper, and day laborer. Discussion of the furnish system, a corollary of the Southern plantation, is also conspicuously absent. The restatement of conventional specifications for a model tenant contract, the allusion to the reserved power of the states to legislate on landlord-tenant law, the implication that the Bankhead-Jones Farm Tenant Act has significance only as a demonstration, and the recommendation that already over-burdened state treasuries supply funds to landlords and/or tenants, fall far short of representing a liberal and effective approach to the problems arising out of the plantation and furnish systems.

On the other hand, definite and worthwhile contributions are made in calling attention to and effectively presenting many Southern problems pressing for solution. The forthright analysis of the shortcomings of existing government programs merits study. The chapter on federal aid is particularly thought-provoking. This book should be read by the innumerable federal and state civil servants and citizens participating in post-war planning.

MARSHALL HARRIS

Bureau of Agricultural Economics
U. S. Dept. of Agriculture
Washington, D. C.



Economic Mineral Deposits. By Alan M. Bateman. New York: John Wiley & Sons, Inc., 1942. pp. 898. \$6.50.

Economic geology, in the conception of this author, concerns itself solely with the geology of minerals of economic value; it does not concern itself with the profit-and-loss calculations of their extraction or transportation to market, nor with the political or social forces that create the silver question, the coal industry problem, or the crude oil price controversy between Messrs. Ickes and Bowles. This book, then, deals with the geology, that is, with the formation, occurrence and technique of discovery of mineral deposits of economic value.

The list of such minerals—all-important to our industrial civilization—is surprisingly large. Heading the list, by value of annual production, are, of course, the fuels. Then come the precious metals, the non-ferrous iron ore, and the large number of ferro-alloy metals. There follow the so-called minor metals, such as mercury and radium, the ceramic and building materials, and the raw chemicals, such as salt and sulphur, nitrates, potash and lime. Finally, there are the precious stones, so important industrially as abrasives and socially as a display of affluence.

To treat this all-inclusive list of minerals and to discuss their major deposits not only here but abroad seem beyond the limits of any one book. Nevertheless, Professor Bateman has done the job admirably well by sticking closely to the essentials. The use of over a thousand carefully-selected, self-explanatory illustrations is a major contribution to the achievement of clarity. At the end of the discussion of each mineral is a selected reference list giving a few titles of books or articles. The characterization of these references as to their particular contribution greatly increases their value. Under coal (or oil) one misses a reference to *Energy Resources and National Policy* by the National Resources Committee, 1939, and under oil, E. DeGolyer's *Elements of the Petroleum Industry*, 1940.

During the years between World Wars I and II the supply of minerals was rather taken for granted and discussions centered on schemes of restriction of output. World War II has not only brought forced draft

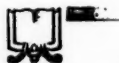
production of the known deposits but also stimulated search for new discoveries. This war is costing us such a high percentage of our higher grade minerals that the search for new deposits and the political control of such deposits will be high on the agenda of postwar plans.

Careful study should be given to the problem of how to reconcile two policies, both designed to assure a lasting peace. One policy will have to aim at restrictions against the military use of minerals by aggressor nations, the other will have to provide for that equal access to minerals without which new conflicts are inevitable.

To all students of minerals this highly concentrated survey can be recommended without qualifications.

ROBERT M. WEIDENHAMMER

Washington, D. C.



The Arkansas Plantation, 1920-1942. By Donald Crichton Alexander. New Haven, Connecticut: Yale University Press, 1943. pp. 118.

This volume undertakes to describe existing plantation tenure in Arkansas. It is necessary to say that the book is not written by a student of tenure problems in the usual sense but by a member of the plantation system who studied political science at Yale. According to the preface, "the author may some day have the responsibility of managing a plantation in the Arkansas Delta." The book is a publication of the prize-winning essay in American Politics in the 1942 Yale graduating class.

To picture an Arkansas plantation, Mr. Alexander found it necessary to write a "dual exposition." Part I: "The National Scene," briefly yet somewhat adequately sketches various panaceas and politics of farm relief from 1920 to 1942. Some of the background necessary to an understanding of to-day's plantation is presented. The author stresses particularly the AAA program since 1933 in this regard.

Part II is concerned with "The Plantation Itself." A chapter entitled "The Plantation Labor System" presents as graphic a description of the plantation tenure hier-

archy as this reviewer has seen. The author advantageously has used illustrations from plantations of his acquaintance to classify this hierarchy into owner or planter, manager, farm managers with "riding bosses," renter, share tenant, share cropper, and wage hand. Each rank is described and some probable influences of FSA and AAA programs on the labor force are indicated. Other chapters deal with problems created by technical progress, farm credit, and plantation crop operations.

Several statements might be questioned by tenure students. One is: "There seems to be an incurable migratory instinct in the Negroes" (p. 68). Recommendations proposing application of long-term or automatically renewable annual leases to further the welfare of the laborer appear to ignore realities of the plantation system too much to be of significance. In addition to such statements, certain inconsistencies are apparent. The author believes (as do a few agricultural economists) that the Delta areas are "admirably fitted for cotton production—and for little else" (p. 100). However, this is refuted by data given on widespread changes in cropping systems since AAA, and also by the statement that "planters have now discovered that diversification pays" (p. 113). Some will contend that the apparent sincerity in proposals for the welfare of the plantation laborer is vitiated in a final statement that cotton needs a "large and docile supply of labor" (p. 100). Some conclusions reached by Mr. Alexander may not be substantiated in the book but are interesting, nevertheless. One such conclusion is that "the present plantation economy has not demonstrated that it can be a stable and prosperous way of life" (p. 113). Another, the "destiny of the Arkansas planter will be determined in the halls of congress and in the laboratories and machine shops of scientists and inventors. The planter himself will have little to say about the matter" (p. 114).

The essay is well written and therefore readable. While much of the contents is known to students of plantation tenure, the book is worth reading for the point of view of one who is a part of the system.

J. HOYLE SOUTHERN

Bureau of Agricultural Economics

Business as a System of Power. By Robert A. Brady. Columbia University Press, 1943. pp. 340, \$3.00.

The main theme of Dr. Brady's book is the *Spitzenverbände* or, as he translates it, the "peak associations" or national federations of business men and employers. He has collected a mass of data, drawn from Germany, Italy, France, Japan, Britain and the United States to show the rapid growth, alarming power, and anti-democratic behavior of these associations. He brings examples from the National Federation of German Industry, the Fascist Confederation of Industrialists, the Japanese League of Economic Organisations, the *Confédération Générale de la Production Française*, the Federation of British Industries and the National Association of Manufacturers, with their many component groups and satellite organisations, to show how similar are the philosophies and programs of these organised expressions of business power in all countries whatever their ostensible form of government.

He devotes a chapter to each of the six countries treated and summarises his conclusions in three final chapters on the economic, the social, and the political policies of organised business. He concludes that the economic end of these organisations is monopoly; the social end a "scalar" society of hierarchy and status, with authority concentrated at the top and responsibility at the bottom; and their political end is a system of dictatorship.

Dr. Brady has performed a useful service in bringing together a mass of data which has not hitherto been particularly accessible, even if it does at times degenerate into a catalogue of names of associations. He has also done truth a service (which is bound to make him unpopular in many quarters at the present time) in pointing out the remarkable similarity between movements and policies in the democratic and in the dictatorial countries. In time of war, when morale demands that the Axis be painted black and the United Nations white, it is a courageous thing to point out the deplorably similar tendencies on both sides.

Nevertheless, one cannot help feeling that this would have been a very much better

book if it had struck a little deeper, and perhaps cast its net a little wider. It suffers from what may be described as the radicalism of innuendo. This may be the influence of Mr. Robert S. Lynd, who writes the introduction and who is as much a master of this form of literary expression as Mr. Pegler is of its opposite. One cannot help feeling, in fact, that Dr. Brady becomes clearer, more straightforward, and more illuminating, the further he gets away from his introducer. There is an implication on almost every page that business men are not quite nice people, with an unusual propensity as well as an unusual opportunity for wickedness. There is also a constant implication that there is a much better way of doing things, which everybody knows about and which therefore need not be stated. Consequently, Dr. Brady is apt to attribute to business alone tendencies which are characteristic of our whole society. If, for example, he had brought labor organisations into his circle of inquiry, he might have found there exactly the same tendencies that he deplores in business—the push for monopoly, the development of hierarchy, and the drive towards dictatorship. These diseases lie deep in the tissue of modern society; they can neither be understood nor cured by assuming that they are characteristic only of a part.

On such questions as how far the drive for monopoly is occasioned by the deflationary pressures of late capitalism, or how far the movement towards hierarchy is a response to the decay of responsibility, the author is silent. This work is only a beginning; it is to be hoped that Dr. Brady will carry it through to a more fruitful conclusion.

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Timbers of the New World. By Samuel J. Record and Robert W. Hess. New Haven: Yale University Press, 1943. pp. xv, 640, illus. \$10.00.

For more than twenty-five years the senior author has continually investigated the

woods of Latin America. At perhaps no other institution in the world has so much information been collected on the woods of the Americas as at the School of Forestry, Yale University. *Timbers of the New World* is the result of this prolonged and detailed study.

One who has had no experience in tropical wood investigations can perhaps never fully appreciate the difficulties an investigator in this field would encounter. The forests of South and Central America, as well as those of North America, contain a large number of tree species many of which are of commercial importance. Each of these is often known by a large number of common or vernacular names. Quite often these names are applied to different trees or different woods even in the same country. This often results in great confusion. Many of the wood specimens studied by the authors were accompanied by specimens of the leaves, flowers and fruits. This made it possible to determine accurately the precise taxonomy of the wood in question.

Timbers of the New World gives detailed descriptions of the various species of trees found in approximately 1100 genera of 115 families in North and South America. In each of the two subdivisions of the seed plants, the families are arranged alphabetically. This greatly expedites the use of the book by all except, perhaps, the taxonomic botanist, and even he is not inconvenienced by this arrangement. Histological descriptions of the wood are confined quite largely to family groups. The distribution, the size and the importance of these family groups are also given.

The genera in each family are arranged alphabetically. Here again is found a wealth of information concerning the number of species, the distribution of the genus, the general properties of the wood and the general uses, not only of the wood, but also of other parts of the tree.

For each species, detailed data are given concerning the size of the tree, its distribution, the properties of the wood, and its uses. One of the most useful contributions made by the authors is the list of trade and vernacular names given at the end of each generic description. These names are segregated by countries in which they are used. Anyone who has ever had much need to determine the specific tree involved when only the common or vernacular name is given will appreciate the usefulness of these lists.

For some years the United States has attempted to promote better understanding and better relations with Latin American countries. Understanding, in the last analysis, is based on knowledge. *Timbers of the New World* is the most comprehensive treatment of this subject available in any language. The authors and Yale University Press are to be congratulated on the significant contribution they have made to better knowledge of the forest resources of the New World. All in all, Record and Hess have done a monumental piece of work not likely to be duplicated soon again.

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